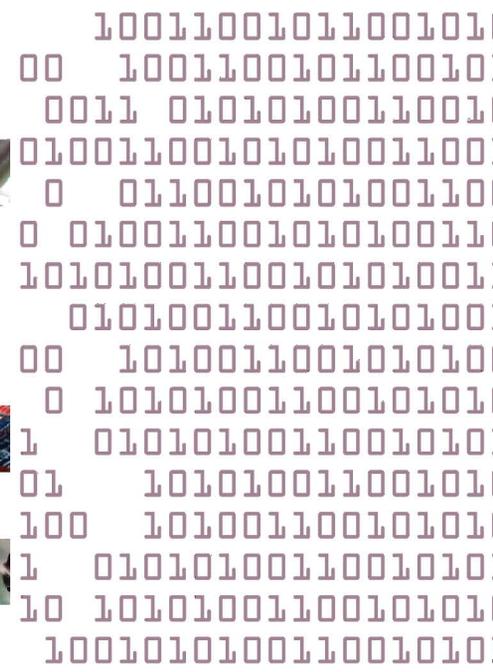


Nagarjuna Fertilizers and Chemicals Limited



Transforming Indian Agricultural
Output Markets (with Smart Mandis)

Annual Report 2016

Transforming Indian Agricultural Output Markets



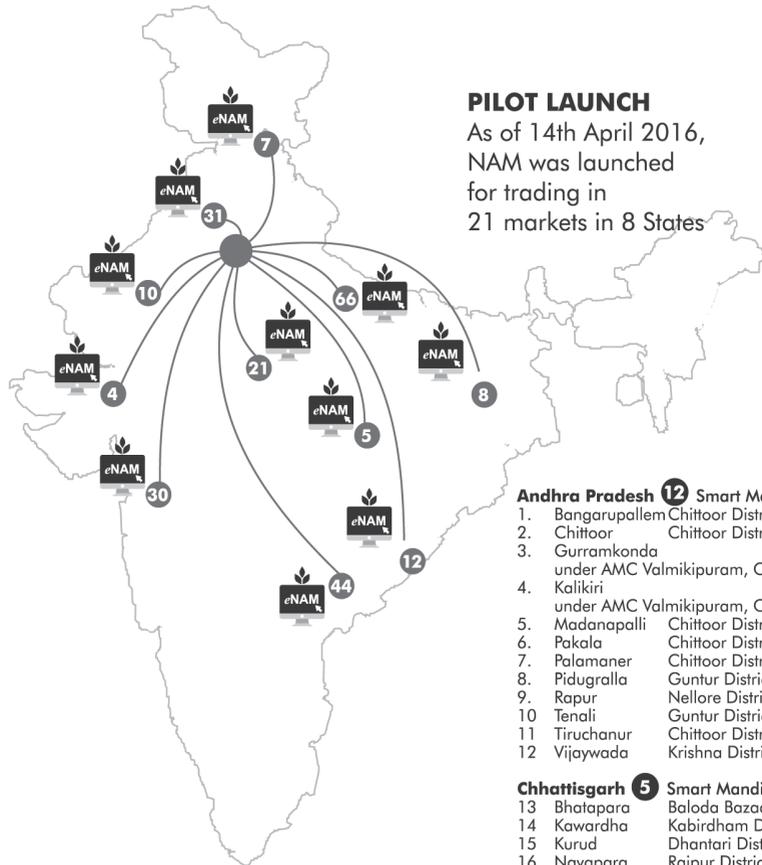
Electronic National Agricultural Market (eNAM) powered by iKisan

- A transformational initiative by Government of India launched by Honorable Prime Minister on April 14, 2016
- Largest initiative undertaken by any Company in automating the world's 3rd largest agri producer's markets.
- iKisan is designing, developing, deploying and implementing this transformational initiative, across 585 Mandis in India and connecting them to a common national platform to bring substantial economic reforms in the farming activity.
- NAM envisions one license, a single point levy and use of electronic systems for price discovery and is expected to impact the economy as a whole.
- Beneficial for Farmers (more options for selling their produce), Traders (access larger national market for secondary trading), Bulk buyers, processors, exporters (direct participation in local mandi) and Mandis (opportunity for collection of better fee due to increased transactions)

iKisan (a division of NFCL) is proud to be associated with eNAM and will continue its endeavour in bringing the benefits of mandi automation across the country (bringing seamless market integration and benefit farmers and buyers across the country).

23 Smart Mandis already launched

215 Smart Mandis under development



PILOT LAUNCH

As of 14th April 2016, NAM was launched for trading in 21 markets in 8 States

Andhra Pradesh 12 Smart Mandis

1. Bangarupallem Chittoor District
2. Chittoor Chittoor District
3. Gurrampakonda under AMC Valmikipuram, Chittoor
4. Kalikiri under AMC Valmikipuram, Chittoor
5. Madanapalli Chittoor District
6. Pakala Chittoor District
7. Palamaner Chittoor District
8. Pidugralla Guntur District
9. Rapur Nellore District
10. Tenali Guntur District
11. Tiruchanur Chittoor District
12. Vijaywada Krishna District

Chhattisgarh 5 Smart Mandis

- 13 Bhatapara Baloda Bazaar District
- 14 Kawardha Kabirdham District
- 15 Kurud Dhanteri District
- 16 Navapara Raipur District
- 17 Rajnandgaon Rajnandgaon District

Gujarat 4 Smart Mandis

- 18 Himmatnagar
- 19 Patan Patan
- 20 Botad
- 21 Mahuva Bhavnagar District

Haryana 31 Smart Mandis

- 22 Adampur Hissar District
- 23 Ambala
- 24 Charkhi Dadri Bhiwani District
- 25 Dabwali Sirsa District
- 26 Ellanabad
- 27 Gauru Sonapat District
- 28 Chharaunda Karnal District
- 29 Gohana Kaithal District
- 30 Hansi Hisar District
- 31 Ismailabad Kurukshetra District
- 32 Jind Jind District
- 33 Julana Jind District
- 34 Kaithal Kaithal District
- 35 Kalanwali Sirsa District
- 36 Karnal
- 37 Ladwa Kurukshetra District
- 38 Madlauda Panipat District
- 39 Mullana Ambala District
- 40 Narwana Jind District
- 41 Nishing Karnal District
- 42 Panipat Panipat District
- 43 Pehowa Kurukshetra District
- 44 Raia Fatehabad
- 45 Rewari Rewari
- 46 Rohtak Rohtak
- 47 Safidon Jind
- 48 Samalkha Panipat
- 49 Shabad
- 50 Sonapat Sonapat
- 51 Taraori Karnal
- 52 Thanesar Kurukshetra

Himachal Pradesh 7 Smart Mandis

- 53 Bhatakkufar(Dhali) Shimla
- 54 Bhunter Kullu
- 55 Jassar kangra
- 56 Parwanoo Solan
- 57 Shimla
- 58 Solan
- 59 Takoli Mandi

Jharkhand 8 Smart Mandis

- 60 Chaibasa West Simbhum
- 61 Daltonganj Daltonganj
- 62 Dhanbad Dhanbad
- 63 Gumla Gumla
- 64 Jamshedpur Jamshedpur
- 65 Lohardaga Lohardaga
- 66 Pandra
- 67 Simdega Simdega

Madhya Pradesh 21 Smart Mandis

- 68 Ashok Nagar Gwalior
- 69 Baitul Baitul
- 70 Berasia Bhopal
- 71 Chhindwada Chhindwada
- 72 Damoh Damoh
- 73 Dewas Dewas
- 74 Harda Harda
- 75 Indore Indore
- 76 Jabalpur Jabalpur
- 77 Jaora Ratlam
- 78 Karond Bhopal
- 79 Mandsoore Mandsoore
- 80 Neemuch Neemuch
- 81 Pipariya Hoshangabad
- 82 Ratlam Ratlam
- 83 Rewa Rewa
- 84 Sagar Sagar
- 85 Sainia Sainia
- 86 Sehore Sehore
- 87 Ujjain Ujjain
- 88 Vidisha Vidisha

Maharashtra 30 Smart Mandis

- 89 Aatpadi Sangali
- 90 Achalpur Amravati
- 91 Aheri Gadchiroli
- 92 Akola Akola
- 93 Arjuni Morgaon Gondia
- 94 Aurangabad Aurangabad
- 95 Barshi Solapur
- 96 Basmat Hingoli
- 97 Bhokar Nanded
- 98 Dhule Dhule
- 99 Dound Pune
- 100 Gadhinglaj Kolhapur
- 101 Gevrai Beed
- 102 Gondpimpri Chandrapur
- 103 Jalgaon Jalgaon
- 104 Kolhapur Kolhapur
- 105 Latur Latur
- 106 Lonand Lonand
- 107 Malegaon(Nashik) Nashik
- 108 Malkapur Malkapur
- 109 Nagpur Nagpur
- 110 Nandurbar Nandurbar
- 111 Newasa Ahmednagar
- 112 Parbhani Parbhani
- 113 Sangli Sangli
- 114 Selu Parbhani
- 115 Shirur Pune
- 116 Tumsar Bhandara
- 117 Vani Nashik
- 118 Yeola Nashik

Rajasthan 10 Smart Mandis

- 119 Atru Baran
- 120 Bundi Bundi
- 121 Fatehnagar Udaipur
- 122 Gangapur city Sawai Madhopur
- 123 Hindoun Karauli
- 124 Kota (Grain) Kota
- 125 Mandawari Dausa
- 126 Nagar Bharatpur
- 127 Padampur Sri Ganganagar
- 128 Ramganj

Telangana 44 Smart Mandis

- 129 Achampet Mahbubnagar
- 130 Adilabad Adilabad
- 131 Athmakur Mahbubnagar
- 132 Badepally
- 133 Bhainsa Adilabad
- 134 Choppadandi Karimnagar
- 135 Devarakadra Mahbubnagar
- 136 Deverakonda Nalgonda
- 137 Gadwal Mahbubnagar
- 138 Gajwel Medak
- 139 Gangadhara Karimnagar
- 140 Gollapally Karimnagar
- 141 Jagtial Karimnagar
- 142 Jammikunta Karim Nagar
- 143 Jangaon Warangal
- 144 Jogipet Medak

- 145 Kalwakurthy Mahbubnagar
- 146 Kamareddy Nizamabad
- 147 Karim Nagar Karim Nagar
- 148 Kesamudram Warangal
- 149 Khammam Khammam
- 150 Mahbubnagar Mahbubnagar
- 151 Makthal Mahabubnagar
- 152 Malakpet
- 153 Metpally Karimnagar
- 154 Miryalaguda Nalgonda
- 155 Nagarkurnool Mahbubnagar
- 156 Nakrekal Nalgonda
- 157 Narayanpet Mahbubnagar
- 158 Narsampet Warangal
- 159 Nizamabad
- 160 Peddapalli Karimnagar
- 161 Sadasivpet Medak
- 162 Shadnagar Mahabubnagar
- 163 Shankarapally Rangareddy
- 164 Siddipet Medak
- 165 Suryapet Nalgonda
- 166 Tandur Rangareddy
- 167 Tirumalgiri
- 168 Vikarabad Rangareddy
- 169 Warangal
- 170 W.P. Town Mahbubnagar
- 171 W.P.Road Mahbubnagar
- 172 Zaheerabad Medak

Uttar Pradesh 66 Smart Mandis

- 173 Agra Agra
- 174 Akbarpur Ambedkar Nagar
- 175 Aligarh Aligarh
- 176 Allahabad Allahabad
- 177 Auriya Auriya
- 178 Azamgarh Azamgarh
- 179 Badaun Badaun
- 180 Bangarmau Unnao
- 181 Barabanki Barabanki
- 182 Bareilly Bareilly
- 183 Basti Basti
- 184 Bilaspur Pilibhit
- 185 Chandauli Chandauli
- 186 Chandausi Muradabad
- 187 Chaubepur Kanpur Nagar
- 188 Chibramau Kannauj
- 189 Deoria Deoria
- 190 Etah Mainpuri
- 191 Etawah Etawah
- 192 Faizabad Faizabad
- 193 Ghaziabad Ghaziabad
- 194 Golagokamnath Kheri
- 195 Gonda Gonda
- 196 Gorakhpur Gorakhpur
- 197 Hapur Hapur
- 198 Hardoi Hardoi
- 199 Hathras Hathras
- 200 Jahangirabad Bulandshahar
- 201 Jais Amethi
- 202 Jhansi Jhansi
- 203 Kaimganj Farrukhabad
- 204 Kannauj Kannauj
- 205 Kanpur Kanpur
- 206 Kasganj Kasganj
- 207 Khair Aligarh
- 208 Konch
- 209 Lucknow Lucknow
- 210 Madhaganj Hardoi
- 211 Mahmudabad Sitapur
- 212 Mahoba Mahoba
- 213 Mainpuri Mainpuri
- 214 Meerut Meerut
- 215 Moradabad Moradabad
- 216 Muzaffarnagar Muzaffarnagar
- 217 Noida Gautambudhnagar
- 218 Partawal Maharajaganj
- 219 Pilibhit Pilibhit
- 220 Powayan Shahjahanpur
- 221 Pratagarh Pratagarh
- 222 Puranpur Bareilly
- 223 Rae Bareli Rae Bareli
- 224 Rampur Rampur
- 225 Rath Hamirpur
- 226 Robertganj Sonebhadra
- 227 Safdarganj Barabanki
- 228 Sahiyapur Basti
- 229 Shahjahanpur Shahjahanpur
- 230 Sirsaganj Firozabad
- 231 Sitapur Sitapur
- 232 Varanasi Varanasi
- 233 Bahraich
- 234 Lakhimpur Kheri
- 235 Lalitpur
- 236 Mathura
- 237 Saharanpur
- 238 Sultanpur

- User friendly to facilitate all the stakeholders viz. farmers, traders, commission agents, weighbridge operators, hamalis, and other mandi officials, to easily adopt the common platform
- Significant returns expected in 5 to 7 years to farmers, lower transaction cost to buyers, stable prices and availability to consumers, integrated value chain across country.
- iKisan (a division of NFCL) is proud to be associated with NAM and will continue its endeavor to bring benefits of mandi automation across all states in order to bring seamless market integration and benefit farmers and buyers across the country.

Board of Directors

K S Raju

Chairman

Chandra Pal Singh Yadav

Nominee of KRIBHCO

M P Radhakrishnan

Nominee of SBI

O Ramesh Babu

Nominee of IFCI

Shailendra Govind Nadkarni

Nominee of IDBI Bank

Anil Kumar P R

Nominee of ICICI Bank Ltd

C B Mouli

D Ranga Raju

Lalitha Raghuram

N C B Nath

S R Ramakrishnan

Uday Shankar Jha

K Rahul Raju

Managing Director

Registered Office

D.No 8-2-248,
Nagarjuna Hills, Punjagutta,
Hyderabad - 500 082
INDIA

CIN : L24129AP2006PLC076238

Website

www.nagarjunafertilizers.com

Manufacturing Facilities

Urea

Kakinada, East Godavari Dist,
Andhra Pradesh

Micro-Irrigation

Nacharam, Hyderabad,
Telangana

Sadashivpet Mandal, Medak Dist,
Telangana

Halol, Panchmahal Dist,
Gujarat

Auditors

M/s. M Bhaskara Rao & Co.,
Chartered Accountants
Hyderabad

Company Secretary

M Ramakanth

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 10TH ANNUAL GENERAL MEETING OF NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED WILL BE HELD AT 10.00 HOURS ON FRIDAY, SEPTEMBER 30, 2016 AT SRI SATYA SAI NIGAMAGAMAM, 8-3-987/2, SRINAGAR COLONY, HYDERABAD - 500 073 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the 10th Annual Report of the Company, Balance Sheet as at March 31, 2016, the Statement of Profit and Loss for the Financial Year ended March 31, 2016, the Cash Flow Statement for the Financial Year ended March 31, 2016 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chandra Pal Singh Yadav with DIN No.00023382 who has consented to retire by rotation in compliance with the requirements of Section 152 of the Companies Act, 2013, and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the consent of the Members be and is hereby accorded for the ratification of the appointment of Statutory Auditors of the Company, M/s. M Bhaskara Rao and Co.(Firm Registration Number-000459S), Chartered Accountants, Hyderabad, to hold office from the conclusion of the 10th Annual General Meeting up to the conclusion of the 11th Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors during the term of appointment i.e., from the conclusion of the 8th Annual General Meeting to the conclusion of the 13th Annual General Meeting.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), Mr. Dantu Mitra, Cost Auditor appointed by the Board of Directors of the Company, to conduct the Cost Audit in relation to the products - ‘Manufactured Fertilizer’ and ‘Micro Irrigation’ of the Company for the financial year ending March 31, 2017, be paid the remuneration as may be fixed by the Board of Directors of the Company”
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. Uday Shankar Jha with DIN No. 00056510, who was appointed as an Additional Director of the

Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Mr. Uday Shankar Jha for the office of Director of the Company, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 15th Annual General Meeting, not liable to retire by rotation”

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. C B Mouli with DIN No. 00042949, who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Mr. C B Mouli for the office of Director of the Company, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 15th Annual General Meeting, not liable to retire by rotation”
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Clause 14.5 of the Composite Scheme of Arrangement and Amalgamation between Ikisan Limited, Nagarjuna Fertilizers and Chemicals Limited (NFCL - earlier known as Kakinada Fertilizers Limited), Erstwhile Nagarjuna Fertilizers and Chemicals Limited (Erstwhile NFCL) and Nagarjuna Oil Refinery Limited (NORL) and their respective shareholders and creditors (Scheme) under Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 approved by the Hon’ble Andhra Pradesh High Court and Hon’ble Bombay High Court in terms of orders dated June 17, 2011 and June 27, 2011, the Fractional entitlements arising out of the Scheme, to be sold and realized and the net proceeds due for distribution to the shareholders of the company who are eligible to receive the same be and are hereby transferred to Investor Education and Protection Fund (IEPF) established by the Government of India in terms of the Companies Act, 2013 in view of, the inadequate realization of the net sale proceeds

By Order of the Board

Hyderabad
August 6, 2016

M Ramakanth
Company Secretary
Membership Number : FCS 1851

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
 2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
 3. Instrument of proxies in order to be effective must be deposited at the Company's registered office not less than 48 hours before the meeting.
 4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing remote e-voting facility as an alternative, to enable members to cast their vote electronically on all the resolutions set forth in the Notice to the 10th Annual General Meeting to be held on Friday i.e., September 30, 2016 at 10.00 Hours. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide remote e-voting platform to the members.
Please refer to the detailed instructions on remote e-voting at page no. 105 of the Annual Report 2015-16.
Members holding shares in demat form and members who have registered their email id with the Company will also receive the remote e-voting instructions by email.
 5. Members who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before close of business hours (5.30 PM) of September 29, 2016.
 6. Members are requested to notify immediately the change, if any, of the address /change in bank details to the Company's registered office, quoting their ledger folio number registered with the Company
 7. Members desiring to seek any information on the annual accounts are requested to write to the Company at an early date to enable compilation of information.
 8. The Register of Members and the Share Transfer Books will remain closed from September 23, 2016 to September 30, 2016 (both days inclusive).
 9. The Company has commenced Trading of the equity shares at The Bombay Stock Exchange and The National Stock Exchange of India Limited effective from June 15, 2016 with Scrip Code 539917 and NAGAFERT respectively. Members may please refer to the Directors Report for more information on the matter.
 10. The Company has paid the listing fees to The Bombay Stock Exchange and The National Stock Exchange of India Limited, Mumbai, where the securities of the Company are Listed.
11. Members whose shareholding is in the electronic mode are requested to inform change of address, notifications and updates of bank account details to their respective Depository Participants only.
12. Members are requested to update the bank account number allotted after implementation of Core Banking Solutions (CBS) to the Company in case of shares held in physical form and to Depository Participant (DP) in case of shares held in demat form.
13. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.
Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.
14. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company, at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956) and such other enactments or regulations in lieu thereof that maybe in force from time to time, be transferred to the Investor Education and Protection Fund.
The Company in accordance with the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 29, 2015 (date of last Annual General Meeting) on the website of the Company (www.nagarjunafertilizers.com), as also on the website of the Ministry of Corporate Affairs.
15. The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits Companies to mail soft copies of the Annual Report to all those Members who have registered their e-mail addresses with the Company/Depository Participants. Accordingly, the Annual Report 2015-2016 along with the Notice of the 10th Annual General Meeting, instructions on remote e-voting, Ballot Form, attendance slip and proxy form is being mailed in electronic mode to all the members whose email addresses are registered with the Company/ Depository Participant unless communication is received to the contrary. Printed copies of the documents shall be mailed to members who have not registered their email addresses with the Company/Depository Participants or have requested for the same.
The Notice of the 10th Annual General Meeting along with the Annual Report 2015-2016 will be available on the Company's website, www.nagarjunafertilizers.com.
16. Members requiring a printed copy of the Annual Report may forward their request to the Company in writing.

17. Members are requested to address all correspondences, including dividend matters, to Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082.
 18. To support green initiative, the members holding shares both in Physical/ Demat form, who have not furnished their email addresses are requested to register/update their e-mail addresses with the Company/Depository Participants.
 19. As per Section 72 of the Companies Act, 2013 facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the Company. Members, in particular those holding shares in single name, are requested to avail the above facility by furnishing to the Company the particulars of their nomination. Members holding shares in electronic form may forward duly filled nomination form to their respective depository.
 20. The Company has designated an exclusive e-mail ID titled investors@nagarjunagroup.com for redressal of shareholder's complaints/grievances. In case of any queries/complaints or unresolved grievances, please write to us at ramakanthm@nagarjunagroup.com.
- a) Consent in writing to act as Director in Form DIR- 2
 - b) Declaration in Form DIR-8 confirming that they are not disqualified under Section 164(2) of the Companies Act, 2013.
 - c) Declaration as per Section 149(6) of the Companies Act, 2013, that they meet the criteria of independence.

It is proposed to appoint Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors of the Company not liable to retire by rotation upto conclusion of 15th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Uday Shankar Jha and Mr. C B Mouli fulfill the conditions for appointment as Independent Directors as specified in the Act, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Uday Shankar Jha and Mr. C B Mouli are independent of the management. Mr. Uday Shankar Jha has a vast experience in Rashtriya Chemicals and Fertilisers Ltd (RCF) as Chairman, Rajasthan RCF (RRCF) as Chairman, FACT RCF Builders Ltd (FRBL) as Chairman, RCF Hiranandani Mahimtura (RCF HM) as Chairman, RCF Hiranandani Mahimtura (RCF HM) as Chairman, Indian Potash Ltd (IPL) as Director, Fertilizer Association of India (FAI) as Director and Chairman one term, ICI as Director, Container Corpn of India (CONCOR) as Director, Madras Fertilisers Ltd (MFL) as Chairman and Brahmputra Valley Fertilisers Corporation Ltd (BVFCL) as Chairman.

Mr. Uday Shankar Jha is a M.Sc. in Physics, Science College, Patna University, Patna and B.Sc. with Honours in Physics, Science College, Patna. Mr. Uday Shankar Jha completed Indian Railway Traffic Service (IRTS) in 1974. He has attended various short term and long term courses on logistics, marketing and management in various Institutions within India and abroad. He has presented papers in National and International seminars, chaired several technical sessions in various seminars both within and outside India.

Mr. C B Mouli is a member of the Institute of Chartered Accountants of India and also holds a Bachelor of Law Degree. Mr. C B Mouli is a Financial Consultant and Advisor to many leading business and industrial groups in the state of Telangana and Andhra Pradesh. He has vast experience in handling Taxation and Company Law matters, Statutory Audit and Project financing for public companies, Banks and reputed industrial houses for over 25 years.

Details in relations to names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the letters of appointment of Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors setting out the terms and conditions are available for inspection by Members at the Registered Office of the Company during normal working hours on any working day upto the date of the Annual General Meeting.

None of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions except Mr. Uday Shankar Jha and Mr. C B Mouli.

The Board commends the Ordinary Resolutions set out at Item No. 5 & 6 of the Notice for approval of the shareholders.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

The Board of Directors at their meeting held on May 12, 2016, on the recommendation of the Audit Committee, have approved the appointment of Mr. Dantu Mitra as Cost Auditor to conduct the audit of the cost records of the Company for the Products - Fertilizers (Plant-I and 2 at Kakinada) and other Machinery and Plastics & Polymers (Micro-Irrigation-Products) for the Financial Year 2016-17 by virtue of the Companies (Cost Records and Audit) Rules, 2014.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be approved by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No.4 of the Notice for payment of remuneration as fixed by the Board of Directors for the Financial Year 2016-2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No 4 of the Notice.

The Board commends the Ordinary Resolution set out at Item 4 of the Notice for approval of the members.

Item No. 5 & 6

The Board of Directors of the Company at their meeting held on August 6, 2016 appointed Mr. Uday Shankar Jha and Mr. C B Mouli as Additional Directors of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member alongwith deposit of ₹ 1,00,000/- each proposing the candidature of Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors as per the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Uday Shankar Jha and Mr. C B Mouli, the following:

Item No. 7

The Composite Scheme of Arrangement and Amalgamation between Ikisan Limited, Nagarjuna Fertilizers and Chemicals Limited (NFCL - earlier known as Kakinada Fertilizers Limited), Erstwhile Nagarjuna Fertilizers and Chemicals Limited (Erstwhile NFCL) and Nagarjuna Oil Refinery Limited (NORL) and their respective shareholders and creditors (Scheme) under Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 was approved by the Hon'ble Andhra Pradesh High Court and Hon'ble Bombay High Court in terms of orders dated June 17, 2011 and June 27, 2011, respectively.

In terms of the sanctioned Scheme shareholders of the Erstwhile NFCL who were eligible to receive shares in NFCL and NORL and shareholders of Ikisan who were eligible to receive shares in NFCL were allotted shares in multiples of one share. In so far as the fractions arising out of such entitlement of less than one share are concerned, the same were to be consolidated, and allotted to a Director/ Authorized Representative appointed by the Board. The Fractional entitlements had been held by Mr. M Ramakanth, Authorised Representative appointed by the Board in trust on behalf of equity shareholders entitled to the Fractional entitlements, with the express understanding that the Authorised Representative shall sell the same in the market, at such time or times and at such price or prices and to such person or persons as he may deem fit, and pay the proceeds to NFCL, whereupon NFCL shall distribute such net sale proceeds (after deduction of applicable taxes) to the equity shareholders in proportion to their respective Fractional entitlements. The Boards of NFCL in terms of Clause 15.5 of the Scheme had been authorized to deal with the matter in its absolute discretion. 36,139 shareholders are entitled to proceeds from sale of 16,510 fractional shares in proportion to their shareholding.

The Company has an option of distributing the sale proceeds in the form of warrants, cheques, ECS or Demand Draft. However, the Company will face practical difficulties in the distribution of sale proceeds in such a manner, in view of the high cost and volume involved. Assuming that the shares are quoted at ₹ 11.30/- per equity share (as on July 29, 2016), most of the shareholders will receive proceeds less than ₹ 1/- and the Company will have to incur exorbitant cost to disburse the sale proceeds (by way of cheque / warrant / ECS / demand draft) to each shareholder which will not be in the interests of the shareholders. Further the cost of maintenance of the Demat Account has to be deducted from the net sale proceeds received before distribution.

Accordingly, in view of the impracticability of disbursement of the net sale proceeds by cheque / warrant / ECS / demand draft, approval from the Members is sought to transfer the sale proceeds arising out of sale of Fractional entitlement to the Investor Education and Protection Fund ("IEPF") established by the Government of India in terms of Companies Act, 2013.

None of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolutions set out at Item No. 7 of the Notice for approval of the Member

Inspection of Documents

The documents pertaining to Special Business are available for inspection at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on any working day prior to the meeting.

By Order of the Board

Hyderabad
August 6, 2016

M Ramakanth
Company Secretary
Membership Number : FCS 1851

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2016. The Financial Results and the Consolidated Financial Results of the Company for the year ended March 31, 2016 are as under:

A. BUSINESS AND FINANCIAL HIGHLIGHTS

Financial Results		₹ in Crores	
Particulars	2015 – 2016 Current year	2014 – 2015 Previous year	
Net Sales/Income from Operations	3661.77	2531.52	
Other Income	28.49	40.99	
Total Expenditure			
a. (Increase)/Decrease in Stock	(60.08)	(50.38)	
b. Cost of materials consumed	1154.34	598.62	
c. Employee Benefits expense	147.36	137.73	
d. Purchase of traded products	873.64	1066.85	
e. Power and fuel	864.00	397.46	
f. Other expenses	410.90	323.37	
Total	3390.16	2473.65	
Finance cost	329.41	236.46	
Depreciation and amortization	92.66	93.44	
Profit/(Loss) before exceptional items, extra-ordinary items and tax	(121.97)	(231.04)	
Exceptional Items	-	43.44	
Profit/(Loss) before extra-ordinary items and tax	(121.97)	(274.48)	
Extra-ordinary items	8.12	87.15	
Profit/(Loss) before tax	(130.09)	(361.63)	
Provision for tax	-	-	
Deferred tax	(16.08)	4.99	
Profit / (Loss) after tax	(114.01)	(366.62)	
Dividend – equity shares	-	-	
Tax on proposed dividend	-	-	
Balance c/d to Balance Sheet	(114.01)	(366.62)	
Paid Up equity share capital (Face value of ₹ 1/- per share)	59.81	59.81	
Reserves excluding revaluation reserve	1531.95	1645.96	
Earnings per share (annualized) – in ₹ Basic and Diluted	(1.91)	(6.13)	

Consolidated financial statements are also attached along with the financial statements of the Company.

Financial Summary

The Loss after tax for the year was ₹ 114.01 crores against loss after tax of ₹ 366.62 crores for the previous year.

The Company recorded losses during the current year on account of less supply of Natural Gas and also at low pressure coupled with high interest cost due to delay in the receipt of subsidy from the Government of India.

Consolidated Financial Results		₹ in Crores	
Particulars	2015 – 2016 Current year	2014 – 2015 Previous year	
Net sales/income from operations	3661.77	2531.52	
Other income	28.50	41.02	
Total expenditure			
a. (Increase) /Decrease in stock	(60.08)	(50.38)	
b. Cost of materials consumed	1154.34	598.63	
c. Employee Benefits expense	147.44	137.76	
d. Purchase of traded products	873.64	1066.85	
e. Power and fuel	864.00	397.46	
f. Other expenses	415.18	323.48	
Total	3394.52	2473.80	
Finance cost	329.42	236.49	
Depreciation and amortization	92.99	93.50	
Profit/(Loss) before exceptional items, extra-ordinary items and tax	(126.66)	(231.25)	
Exceptional Items	-	123.92	
Profit/(Loss) before extra-ordinary items and tax	(126.66)	(355.17)	
Extra-ordinary items	-	31.85	
Profit/(Loss) before exceptional items, extra-ordinary items and tax	(126.66)	(387.02)	
Provision for tax	-	-	
Deferred tax	(16.08)	4.99	
Profit / (loss) after tax before Minority interest	(110.58)	(392.01)	
Share of Loss transferred to Minority Interest	-	-	
Share of Loss from Associate Company	-	-	
Profit / (Loss) for the year	(110.58)	(392.01)	
Dividend-equity shares	-	-	
Tax on proposed dividend	-	-	
Balance c/d to Balance Sheet	(110.58)	(392.01)	
Paid-up equity share capital (Face value of ₹ 1/- per share)	59.81	59.81	
Reserves excluding revaluation reserve	1531.90	1641.82	
Earnings per share (annualized) – in ₹ Basic and Diluted	(1.85)	(6.55)	

Share Capital and Debentures

The paid-up equity capital of the Company as on March 31, 2016 is ₹ 59,80,65,003/- consisting of 59,80,65,003 equity shares of ₹ 1/- each.

The Company has redeemed 6,83,42,480 number of Secured Redeemable Non-Convertible Non-Cumulative Debentures of ₹ 1/- each fully paid-up issued to the lenders of the Company as part of settlement of recompense for exiting Corporate Debt Restructuring, from out of the Debentures issued on June 20, 2014, aggregating to ₹ 100.41 crores.

Reserve

The details of amounts, which the Company proposes to carry to reserves, are detailed in the Notes to Accounts.

Restructuring

The equity shares of the Company which had been frozen consequent to the approval of the Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited (KFL), Ikisan Limited (Ikisan), Nagarjuna Fertilizers and Chemicals Limited (NFCL) and Nagarjuna Oil Refinery Limited (NORL) (Composite Scheme) by the Hon'ble High Court of Bombay at Mumbai on June 17, 2011 and by the Hon'ble High Court of Andhra Pradesh at Hyderabad on June 27, 2011 has now commenced Trading with effect from June 15, 2016.

The delay in the commencement of trading of the equity shares was in view of an application having been filed by SEBI in the High Court of Bombay at Mumbai to recall/ review the Order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The matter had been heard by the Hon'ble High Court of Bombay at Mumbai which dismissed the application filed by SEBI on September 10, 2015 with costs.

Your Company, in view of the prolonged delay by SEBI, had also filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

SAT on October 30, 2015 had directed SEBI to pass Orders in relation to the application of the Company for seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957. SEBI had filed a Civil Appeal in the Supreme Court of India which on January 22, 2016 dismissed the Civil Appeal filed by SEBI against the Order of SAT.

SEBI had sought two weeks time from the Supreme Court of India to pass Orders on the application of the Company seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957 and the same has been granted.

SEBI had filed an appeal before the Division Bench in the High Court of Bombay against the Order of the Single Judge and at the hearing on February 29, 2016 informed the Hon'ble High Court of Bombay that vide letter dated February 4, 2016 addressed to Bombay Stock Exchange Ltd, SEBI has granted relaxation to the Company from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions while at same time requesting the Court that SEBI would continue to maintain the Appeal.

The Bombay Stock Exchange and The National Stock Exchange of India Limited commenced trading of the equity shares of the Company effective from June 15, 2016 with Scrip Code 539917 and NAGAFERT respectively.

Plant Operations

Urea

Your Company during the year manufactured 13.42 LMT of urea as against 9.32 LMT in the previous year.

Micro-Irrigation

Your Company achieved a production of 1,071 Lakh Mtrs against 1,547 Lakh Mtrs during the previous year.

Customized Fertilizers

Customized Fertilizers production and sale was restricted on account of difficult market conditions during the year.

MARKETING

Urea

Your Company achieved a sale of manufactured urea of 12.47 LMT compared to 9.33 LMT in the previous year.

The total urea sales for both manufactured and imported was 22.69 LMT compared to 22.35 LMT of previous year.

Other Traded Products

Specialty Fertilizers

Your Company sold Specialty Fertilizers of ₹ 117.71 crores during the year, in comparison with sales of ₹ 114.22 crores during the previous year

Micro-nutrients

Your Company sold Micro-nutrients of ₹ 108.75 crores during the year, in comparison with sales of ₹ 177.26 crores during the previous year.

Ikisan - NAM Project

Your Company has partnered with Government of India in the launch of eNAM, an online portal for trading in agriculture produce which was launched by the Hon'ble Prime Minister, Shri Narendra Modi. The Company will be automating 585 Mandis across India in a span of 2 years, i.e. 2018, and connect them to a common national platform. It is largest initiative undertaken by any Company in automating the world's second largest agri producer's markets. The eNAM marketplace as part of pilot project will initially enable farmers in 8 states to sell 25 commodities in 21 wholesale mandis. A farmer using this portal can monitor the price (price discovery) and decide when to sell. The number of mandis to which farmers will have access through eNAM would soon increase to 200 by September, 2016. The online market also provides the option to farmers to sell directly to the buyers.

Environment and Safety

Environment

Your Company continues its mission of protecting the environment and has inculcated the concept right down the organization.

The statutory compliance on environmental matters are being complied from time to time.

Safety

Your Company as on March 31, 2016 completed 32,90,520 accident-free man-hours by employees of the company.

Gas Supply

Consequent to the blast in gas pipeline of GAIL on June 27, 2014, and the resultant non supply of gas, the Company's plants were shut down till August 16, 2014. The production was restored in a phased manner based on the restoration of supply of gas by GAIL. In view of short supply of Natural Gas during the year, the production at the Company's plants continued to be substantially lower than normal resulting in abnormal losses.

Research and Development

Your Company is actively pursuing the development of cutting edge technologies to propel its core business and allied new business. The focus areas for technology development are in the areas of Fertilizer use efficiencies (Macro and Micronutrients), Green Chelating agent, Organic and Biofertilizers, Organic supplements, Green Ammonia and Green Nitric Acid. In each area, Company has

made substantial progress. The new products and processes will provide a sustainable competitive advantage and better market share thereby propelling the business growth in terms of a better top line and much healthier bottom line.

Corporate Debt Restructuring (CDR)

The Company was sanctioned a restructuring proposal by the Corporate Debt Restructuring (CDR) Cell in March 2004 under the CDR system.

The Company has been granted approval to exit the CDR system during the year and has also settled the recompense payable to the Lenders.

Awards

Your Company during the year has been awarded “Best Management Award 2015” by Government of Andhra Pradesh, which was received during “May Day” Celebrations.

Change in the nature of business

There is no change in the nature of business.

Subsidiaries, Joint Ventures or Associate Companies

There has been no change in relation to any subsidiary, joint venture or associate Company during the year.

Accounts of Subsidiaries

Consolidated financial statements are enclosed alongwith the financial statements of the Company. The subsidiaries considered in the preparation of the consolidated financial statements were Nagarjuna Industrial Services and Investments Private Limited and Jaiprakash Engineering and Steel Company Limited.

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures appears as **Annexure I** to this Report.

There is no material fact that requires mention on the performance and financial position of the subsidiaries in view of the details given on the following :

Jaiprakash Engineering and Steel Company Limited (JESCO)

JESCO is considering implementing various projects to utilize the available land appropriately and gainfully.

Nagarjuna Industrial Services and Investments Private Limited (NISIPL) (formerly known as Nagarjuna Mauritius Private Limited)

NISIPL is a wholly owned subsidiary of the Company with a paid up capital of Euro 5 Million. The Company has invested Euro 5 Million in the form of equity and Euro 4.275 Million as loan.

NISIPL had reinvested in Nagarjuna Spawnt GmbH, Germany (NSG) which due to the financial constraints had been declared insolvent by the Court in Germany.

Spawnt Private S.à.r.l, Luxembourg (Spawnt)

NISIPL has acquired the entire equity share capital of Spawnt Private S.à.r.l, Luxembourg, a private limited liability Company incorporated and existing under the laws of the Grand Duchy of Luxembourg in view of the non-payment of loan, making it the step-down subsidiary of the Company.

NISIPL acquired the Patents owned by Spawnt which were used for manufacturing chemicals for solar application through the Cold Plasma Technology process, during the year.

Branches

The Branch office of the Company at Kenya has been dissolved with effect from March 9, 2016.

The Branch office of the Company at Singapore has ceased registration with effect from February 15, 2016.

Material changes and commitments

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

B. DIRECTORS, BOARD COMMITTEES, KEY MANAGERIAL PERSONNEL AND REMUNERATION

Directors

Nominee Directors

Mr. Anil Kumar P R, Joint General Manager, Bangalore, ICICI Bank Limited, has joined the Board as Nominee Director of ICICI Bank Limited with effect from July 28, 2015 in place of Mr. Yogesh Rastogi.

Mr. O Ramesh Babu, Deputy General Manager, IFCI Limited has joined the Board as Nominee Director of IFCI Limited with effect from April 27, 2016 in place of Mr. Pawan Kumar.

The Board placed on record the valuable contribution made by Mr. Yogesh Rastogi and Mr. Pawan Kumar during their tenure as Directors on the Board.

Non-Executive Directors

In accordance with the Articles of Association of the Company, Mr. Chandra Pal Singh Yadav, retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors recommend his re-appointment for consideration of the Members.

Independent Directors

Mr. Arjun Kumar Arora had been appointed as Additional Director and Independent Director with effect from November 3, 2015. Mr. Arjun Kumar Arora resigned with effect from June 17, 2016 owing to other commitments.

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Mr. Uday Shankar Jha and Mr. C B Mouli have been appointed as Additional Directors and Independent Directors by the Board of Directors at their meeting held on August 6, 2016. It is proposed to appoint Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors of the Company not liable to retire by rotation upto the conclusion of 15th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board placed on record the valuable contribution made by Mr. Arjun Kumar Arora, during his tenure as Independent Director on the Board.

Declaration by Independent Directors

The Independent Directors have submitted their disclosure to the Board that they fulfill all the requirements of independence so as to qualify as an Independent Director under Section 149(6) of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Executive Directors

Mr. K S Raju

Mr. K S Raju was appointed as Chairman of the Company for a period of three years effective from August 1, 2014. His term of appointment expires on July 31, 2017.

Mr. K Rahul Raju

Mr. K Rahul Raju was appointed as Managing Director of the Company for a period of three years effective from August 1, 2014. His term of appointment expires on July 31, 2017.

The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014, April 1, 2014 to July 31, 2014 and August 1, 2014 to July 31, 2017. The Central Government considered the applications of the Company and in view of the Companies Act, 1956 being repealed and the Companies Act, 2013 coming into force from April 1, 2014, returned the applications filed for Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014 and April 1, 2014 to July 31, 2014, suggested that the Company make application for waiver of recovery of excess remuneration paid after complying with the statutory requirements.

The Company filed necessary applications with the Central Government for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014, April 1, 2014 to July 31, 2014 and August 1, 2014 to July 31, 2017. The status of each Application is as under:

- April 1, 2013 to March 31, 2014 : The Central Government has approved the payment of Managerial Remuneration.
- April 1, 2014 to July 31, 2014 : The Central Government has permitted waiver of recovery of excess remuneration paid to the extent of 50% and directed the Company to recover the balance excess remuneration. The Company has recovered an amount of ₹ 8,78,845/- and ₹ 8,13,893/- from Mr. K S Raju and Mr. K Rahul Raju respectively.
- August 1, 2014 to July 31, 2017 : The Central Government has approved the appointment and payment of Managerial Remuneration as approved by Members of the Company.

Key Managerial Personnel

Mr. M Ramakanth, Company Secretary and Mr. Sudhir Bhansali, Chief Financial Officer are the other Key Managerial Personnel of the Company. There were no changes in relation to the Key Managerial Personnel during the year.

Meetings of the Board

The Board of Directors of the Company had met five times during the year on May 16, 2015, July 23, 2015, September 29, 2015, November 11, 2015 and February 4, 2016 respectively.

Remuneration and other particulars of the Directors/ Key Managerial Personnel/ Employees

The information relating to remuneration and other particulars of the Directors/ Key Managerial Personnel/ Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 appears as **Annexure II (a).**

Personnel

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules appears as **Annexure II (b).**

Committees

Audit Committee

In compliance with the provisions of Section 177 of the Companies Act, 2013 and the Erstwhile listing agreement entered into with the Stock Exchanges, the Company had constituted on July 27, 2011 an Audit Committee consisting of highly qualified and experienced members from various fields.

The Audit Committee was re-constituted and the terms of reference enlarged with effect from May 29, 2014 to bring it in line with the provisions of Companies Act, 2013 and Erstwhile Listing Agreement entered into with the Stock Exchanges (now Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015). The Chairman of the Committee is Dr. N C B Nath, an Independent Director and the Committee consists of three Independent Directors and one Whole-time Director.

The Committee meets periodically to review the internal audit report, quarterly financial statements and annual financial statements and recommends its findings to the Board apart from taking action independently whenever required. The Statutory Auditors, Company Secretary and the Internal and Cost Auditors attend and participate in the Audit Committee Meetings.

The Audit Committee comprises of

Dr. N C B Nath	Chairman and Independent Director
Mr. S R Ramakrishnan	Member and Independent Director
Mrs. Lalitha Raghuram	Member and Independent Director
Mr. Arjun Kumar Arora*	Member and Independent Director
Mr. K S Raju	Member and Chairman

* - ceased to be a Member with effect from June 17, 2016.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and Erstwhile Listing Agreement entered into with the Stock Exchanges (now Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015).

The Company has adopted a Nomination and Remuneration Policy with effect from October 1, 2014 for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and Erstwhile Listing Agreement entered into with the Stock Exchanges (now Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015).

C. DISCLOSURES

Company Policy Matters

Your Company's endeavor has always been to maintain transparency and accountability to its stakeholders. In this direction, various policies mentioned in the Corporate Governance Report have been implemented to enable the stakeholders to appreciate the various interventions the Company has taken.

The implementation of these policies are reviewed periodically by the Board of Directors and updated regularly.

The Company has set up a Grievance Redressal Mechanism for all its associates. The Grievance Redressal Mechanism is aimed to redress the grievances of associates expeditiously to ensure good working atmosphere and culture in the organization.

The Company has during the year drawn-up Policy for preservation and archival of documents that sets out the standard for classifying, managing and storing of records of the Company and Policy on Disclosure of Material Events for the purpose of determining materiality of an event or information and for the purpose of making disclosures to Stock Exchanges effective from December 1, 2015.

Risk Management Policy

The Board of Directors of the Company in accordance with the Erstwhile Listing Agreement entered into with the Stock Exchanges (now Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) had constituted a Risk Management Committee of the Board of Directors which frames, implements and monitors risk management plan of the Company and lays down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company.

The Company has an Enterprise Risk Management System set up as required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the Risk Management System, the risks of the Company are being regularly identified/assessed and documented by way of individual profiles and risk registers. The Company is also maintaining web based risk management application by each department/division at Plant as well as Corporate Office to manage and control the risk in structured manner.

The Risk Management Organization Structure consists of Risk Management Steering Committee (RMSC) at apex level, and at divisional level, Corporate Risk Management Committee (CRMC) and Plant Risk Management Committee (PRMC) were formed to facilitate monitoring and governance of the ERM process under the purview of Chief Risk Officer on an ongoing basis.

Periodical meetings of the CRMC and PRMC are being held wherein the critical, cautionary and acceptable risks are presented by the departments through web based RMS application. During such presentations, various cross-functional deliberations take place on the contributing factors and the control measures to mitigate the risks. The outcome of CRMC and PRMC deliberations and the analysis of risks are presented to RMSC on a quarterly basis.

The Chief Risk Officer of the Company and the Compliance Officer attend all the meetings of the Risk Management Committee.

Policy on Board Evaluation

The Policy on Board Evaluation was adopted with effect from October 1, 2014 by the Board of Directors in compliance of Companies Act,

2013 and the Erstwhile Listing Agreement (now Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015).

The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Board.

The Nomination and Remuneration Committee has devised the methodology, identified sample tools for evaluation and also laid down the parameters for evaluation of Executive and Non-Executive Directors, Independent Directors, Chairman, Committees of the Board and the Board.

The Nomination and Remuneration Committee based on the responses received from Directors, evaluated the Directors, conveyed the opinion of the Committee to the Directors, Committees and the Board.

In view of the evaluation not linked to payment of remuneration, as the Company has opted only for payment of sitting fees, the evaluation has no financial implications on the Company.

Whistle Blower Policy/Vigil Mechanism

The Company formulated the Policy in compliance with Clause 49 of Erstwhile Listing Agreement. The same is in conformity with Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177(9) of the Companies Act, 2013. The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee.

No personnel of the Company was denied access to the Audit Committee.

Corporate Social Responsibility

The Company has always desired to play a proactive role in societal development with an intention to bring positive change in the lives of many. The Company under the aegis of Nagarjuna Foundation started several CSR activities six years ago and continue to support the initiatives.

An initiative started in 2009 with the spirit of making a difference, has today deepened its roots and is making a bigger impact and changing many more lives.

The dedicated support, strength, initiative and encouragement from the associates of the Group to be part of this initiative gave impetus to the movement.

Your Company during the year spent a sum of around ₹ 78,39,118/- towards the CSR activities.

The Company, in view of its inadequate profit, is not required to statutorily contribute towards CSR. The Company, however, contributes to undertake CSR to meet its continuing commitments to the welfare of the society.

The report on CSR activities and the CSR Responsibility statement signed by Managing Director and CSR Committee, appears as **Annexure III** to this Report.

Your Company made contribution in areas of education, sports, healthcare and community welfare under the aegis of Nagarjuna Foundation and during the year proposes to collaborate with various leading organizations, charitable and other funds or trusts.

Corporate Governance

Your Company driven by a desire to be more competitive and recognized globally, had inculcated more than a decade ago rules defining ethical business, much before it was introduced as statutory compliance.

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your Company has always proactively met mandated standards and practiced Corporate Governance in spirit and not just as letter of the law.

A report on Corporate Governance along with the Practicing Company Secretary's Certificate on its compliance is annexed hereto which indicates that certain issues need compliance. The Company is taking necessary steps to ensure compliance.

Sustainability Report

The Company, as a good governance practice, has compiled a Sustainability Report.

A detailed report on the sustainability initiatives taken up by the Company is published in the Nagarjuna Sustainability Report. The report is available on the Company's website www.nagarjunafertilizers.com.

Members interested to have a copy of the report may request for the same.

Related Party Transaction

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) appears as **Annexure IV**.

The transactions with related party are at an arms length basis and not material as defined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Particulars of loans, guarantees or investments

There were no loans, guarantees or investments under Section 186 of the Companies Act, 2013 during the Financial Year 2015-16 other than a sum of Euro 50,000 provided to Nagarjuna Industrial Services and Investments Private Limited (NIS IPL), the wholly owned subsidiary of the Company.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Disclosure in terms of Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption, earnings and outgo of foreign exchange is attached as **Annexure V** to this Report.

Extract of Annual Return

Extract of Annual Return appears as **Annexure VI** to this Report

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

There were no orders passed by Regulators or Courts or Tribunals impacting the going concern status and future Company's operations.

Adequacy of internal financial controls with reference to Financial Statements

The Company maintains all its records in SAP system and the work flow and approvals are routed through SAP.

The Company's Internal Auditors scrutinize on periodical basis and ensure that the internal controls and the work flow of the organization is being done through the approved policies of the Company. In every quarter, the Internal auditors present the Internal Audit Report and Management comments on the Internal Audit observations to the Audit Committee.

The Board of Directors of the Company have adopted various policies like the Related Party Transaction, Whistle Blower policy etc for ensuring the orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

The Auditors, in their Report of Internal Financial Controls (Annexure A to the Independent Auditors' report) have opined that the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Registrar and Share Transfer Agents

The Company has been functioning as Category II Share Transfer Agent (in-house) pursuant to the Securities and Exchange Board of India (SEBI) approval to the Company.

Deposits

The Company has not accepted any deposits during the year nor are there any unpaid /unclaimed deposits at the end of the year.

D. AUDITORS AND AUDIT REPORT

Statutory Auditors

M/s. M Bhaskara Rao & Co., Chartered Accountants (Firm Registration No-000459S), Hyderabad, the Company's auditors were appointed at the 8th Annual General Meeting for a term of five years from the conclusion of 8th Annual General Meeting to the conclusion of 13th Annual General Meeting subject to ratification by the Members of the Company every year.

M/s. M Bhaskara Rao & Co have signified their willingness to accept ratification of their appointment and have further confirmed their eligibility under Section 141 of the Companies Act, 2013.

The Company's Statutory Auditors have also furnished a certificate from the Peer Review Board of the ICAI confirming that they have undergone the process of peer review.

The Board of Directors in accordance with the provisions of Section 139 of the Companies Act, 2013 and Rules made there under commend the ratification of the appointment of Statutory Auditors for the Financial year 2016-17 for consideration of the shareholders.

Auditors Reports

The Statutory Auditors' of the Company have invited attention as emphasis on the matter in relation to the approval of Managerial Remuneration to be obtained from Central Government.

The Company has to state that the approval of the Central Government in relation to payment of managerial remuneration has since been obtained.

Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder the Central Government has directed that the cost accounts maintained by the Company be audited by a Cost Auditor.

The Board of Directors of the Company have appointed Mr. Dantu Mitra, Cost Accountant, as the Cost Auditor of the Company for the Financial Year 2016-17 for the manufactured Fertilizer Products and for the manufactured Micro Irrigation products at a remuneration as may be approved by the Members of the Company.

Accordingly, the remuneration payable to the Cost Auditor is being placed before the members at the 10th Annual General Meeting of the Company to be held on September 30, 2016 for approval.

Secretarial Auditor

The Board of Directors at their meeting held on May 12, 2016 pursuant to the provisions of Section 203 of the Companies Act, 2013 have appointed Mr. C S S Krishna, Partner, M/s KBG Associates, Company Secretaries, Hyderabad as the Secretarial Auditor of the Company to undertake Secretarial Audit for the Financial Year 2016-17.

Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Secretarial Audit Report for the Financial Year 2015-16 appears as **Annexure VII** to this Report.

The Secretarial Auditor in his report has qualified that the Company needs to appoint two Independent directors on its Board as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has since appointed Mr. Uday Shankar Jha and Mr. C B Mouli as Additional Directors and Independent Directors with effect from August 6, 2016 and is now in compliance with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Internal Audit

The Company has a well established system of Internal Audit which carries out audit on Risk Management framework covering the gamut of financial, marketing, plant operations and service functions.

The Company's Internal Audit function has obtained Quality Management System (ISO 9001: 2000) certificate in December 2006 and the same has been conformed.

A Chief Internal Auditor of the Company has been appointed by the Board of Directors, in compliance of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

E. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013 your Directors hereby report that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Government of India, Government of Andhra Pradesh, Government of Telangana, the Financial Institutions and Company's Bankers for their assistance and cooperation.

Further, the Company places on record its sincere appreciation for the continuing support and unstinting efforts of investors, dealers and associates and all stakeholders in ensuring an excellent all round operational performance.

By Order of the Board

Hyderabad
August 6, 2016

K S Raju
Chairman

ANNEXURES TO BOARD REPORT

ANNEXURE – I

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014- Form AOC-I)

Part “A”: Subsidiaries

(₹ in Lakhs)

Particulars	Subsidiary Company		Step down Subsidiary Company
	Jaiprakash Engineering and Steel Company Limited (JESCO)	Nagarjuna Industrial Services and Investments Private Limited (NIS IPL)	Spawnt Private Sarl, Luxembourg
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	March 31, 2016	March 31, 2016	March 31, 2016
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR	INR Exchange Rate 75.0955 / Euro	INR Exchange Rate 75.0955 / Euro
Share capital	2,30,00,000 Shares of ₹ 10/- each	50,000 Shares of Euro 100 each	8,500 Shares of Euro 25 each
Reserves and Surplus	(462.58)	(6218.64)	(124.80)
Total assets	1832.47	55.44	27.94
Total Liabilities	1832.47	55.44	27.94
Investments	-	6.38	-
Turnover	1.42	-	-
Profit/(Loss) before taxation	(7.81)	(13.95)	(643.37)
Provision for taxation	-	-	0.15
Profit after taxation	(7.81)	(13.95)	(643.52)
Proposed Dividend	-	-	-
% of shareholding	99.84%	100%	100%

Part “B”: Associates and Joint Ventures

(₹ in Lakhs)

Particulars	Nagarjuna Agricultural Research and Development Institute	KVK Raju International Leadership Academy
1. Latest audited Balance Sheet Date	March 31, 2016	March 31, 2016
2. Shares of Associate/Joint Ventures held by the Company at the year end		
No.	25,020	1,50,000
Amount of Investment in Associates /Joint Venture	2.50	15.00
Extent of Holding %	25%	42.85%
3. Description of how there is significant influence	Common Directors	
4. Reason why the associate/joint venture is not consolidated	The investments in associates are not considered for consolidation as the Companies are registered under Section 25 of the Companies Act, 1956, and by law are not allowed to transfer any funds to the investing company. These investments are accounted for in accordance with Accounting Standard 13 – “Accounting for Investments”.	
5. Net worth attributable to Shareholding as per latest Audited Balance Sheet	(0.43)	(4.08)
6. Profit / Loss for the year	-	(0.20)
Not Considered in Consolidation	-	(0.09)

By Order of the Board

Hyderabad
August 6, 2016

K S Raju
Chairman

ANNEXURE - II(a)

Particulars of Remuneration of Directors / Key Managerial Personnel / Employees

(Pursuant to Section 197(12) of Companies Act, 2013 read with Rules 5(1) of Companies (Appointment and Remuneration of Managerial Personnel), 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year- 2015-16.

S. No	Name of the Director	Median Remuneration (₹)	Directors Remuneration (₹)	Median Remuneration in %
1.	Mr K S Raju	421900	7117582	16.87
2.	Mr K Rahul Raju	421900	7006259	16.61

2. The Percentage increase in remuneration of Manager, Chief Financial Officer, Company Secretary in the Financial Year- 2015-16

S. No	Name	Designation	2014-15 (₹)	2015-16 (₹)	Percentage Increase of salary
1.	Mr. K S Raju	Chairman	6831748	7117582	4.18%
2.	Mr. K Rahul Raju	Managing Director	6720425	7006259	4.25%
3.	Mr. M.Ramakanth	Company Secretary	5939051	6901573	16.21%
4.	Mr. Sudhir Bhansali	CFO	7568646	8227322	8.70%

3. The percentage increase in the median remuneration of employees in the Financial Year 2015-16

Particulars	2014-15 (₹)	2015-16 (₹)	Percentage Increase of Median salary
Median Salary	383700	421900	9.96

4. The number of permanent employees on the rolls of the Company.

Particulars	2014-15	2015-16
No of Employees	1658	1550

5. The explanation on the relationship between average increase in remuneration and Company Performance- The average increase in remuneration is marginal and aimed to protect the employees remuneration from inflation and not related to company performance.

6. Comparison of the remuneration of the Key Managerial Personnel against performance of the company -The average increase in remuneration is marginal and aimed to protect the employees remuneration from inflation and not related to company performance.

7. Variations in the Market Capitalisation of the company, Price Earnings Ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current Financial Year and previous Financial Year.

The equity shares of the Company were not traded in the Financial Year 2015-16 and hence no comparison is possible.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration 14.14% including Managerial personnel except directors.

9. The key parameters for any variable component of remuneration availed by the directors -There is no variable component paid during the year in the remuneration of the directors.

10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors, but receive remuneration in excess of the highest paid director during the year- 2015-16

Emp. No.	Name	Designation	Ratio		Salaries (₹)	
			2014-15	2015-16	2014-15	2015-16
5002	Mr K S Raju	Chairman	1.00	1.000	6916539	7117582
1825	Mr. Banibrata Pandey	President-Performance Biomaterials and Fuels	1.08	1.116	7500000	7944714
50578	Mr.Sudhir Bhansali	CFO	1.09	1.156	7568646	8227322
90323	Mr R S Nanda	Sr.Advisor to Chairman & MD	1.03	1.069	7151800	7609202
90414	Mr. J Mahalingam	Executive Director-Corporate Affairs	1.05	1.148	7251900	8169134

11. Affirmation that the remuneration is as per the remuneration policy of the Company – The Remuneration paid is as per the remuneration policy of the Company.

ANNEXURE – II (b)

Statement of particulars of Employees

(Pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

Sl No.	Name	Designation	Remuneration Received (Rs.)	Nature of Employment	Qualifications	Years of Experience	Date of Commencement of Employment	Age	Last employment held by employee before joining	No. of equity shares held	Relation with Director or Manager
Full Year											
1	Mr.K .S.Raju	Chairman	7,117,582	Refer Note 1	B.E(Mech)	41	01.08.2011	65	Chairman & MD, Nagarjuna Fertilizers and Chemicals Ltd. (Merged)	Nil	-
2	Mr.K.Rahul Raju	Managing Director	7,006,259	Refer Note 1	B.Com(Hons)	18	01.08.2011	39	JMD, Nagarjuna Fertilizers and Chemicals Ltd.(Merged)	Nil	-
3	Mr.M.Ramakanth	Company Secretary	6,901,573	Refer Note 1	B.Sc., FCS, LLB,Dip. In Public Relations P.G.Dip in Buss. Administration, PG Dip in Person. Management	31.5	14.09.1994 [@]	59	Company Secretary, Nagarjuna Investment Trust Ltd.	Nil	Nil
4	Dr.Banibrata Pandey	President -Performance Biomaterials and Fuels	7,944,714	Refer Note 1	M.Sc(Micro), Ph.D(Sc),M.B.A	33	19.09.2002 [@]	56	Sr. Manager, Barnby Technologies, USA	11,000	Nil
5	Mr.Sudhir Bhansali	CFO	8,227,322	Refer Note 1	B.Com, ACS, ACA	35	13.05.2008 [@]	58	President & CFO, Andhra Pradesh Paper Mills Ltd.	Nil	Nil
6	Mr.R.S.Nanda	Sr. Advisor to Chairman & MD	7,609,202	*Refer Note 1	B.Sc(Eng) Mech	50	26.06.2004 [@]	72	President & MD, Coromandel Fertilizers Ltd.	2,420	Nil
7	Mr.J.Mahalingam	Exec. Director -Corporate Strategy	8,169,134	*Refer Note 1	B.A, C.A	37	01.10.1990 [@]	62	DGM-Finance, Andhra Cement Company	Nil	Nil
8	Mr R M Deshpande	Exec Director - Coordination	6,399,626	*Refer Note 1	M.Com, LLB	44	03.04.2007 [@]	68	Advisor to MD, GSFC	Nil	Nil
PART OF THE YEAR-											
9	Mr.P.P.Singh (01.04.2015 TO 31.10.2015)	Chairman-New Production Initiative	4,736,888	*Refer Note 1	FIE	51	24.02.2001 [@]	75	Managing Director, KRIBHCO	Nil	Nil
10	Mr.M.N.Bhaskaran (01.04.2015 TO 10.07.2015)	President -Sustainable Upstream Business	3,508,472		B.Tech(Chem)	33	24.08.2009 [@]	52	Head-Operations, TFL Quinn India Pvt Ltd. Hyderabad	Nil	Nil

1. All the above mentioned appointments are non-contractual except marked “*” and are terminatable by notice on either side.

@ - Continue employment from Erstwhile NFCL

ANNEXURE III

Annual Report on CSR activities

(Pursuant to Section 135 of Companies Act, 2013)

1. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken is mentioned below ;

At Nagarjuna, we believe in philosophy of "SERVING SOCIETY THROUGH INDUSTRY".

We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society.

The Nagarjuna Group under the aegis of Nagarjuna Foundation, a not-for-profit company incorporated under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), with Registered Office at Nagarjuna Hills, Punjagutta, Hyderabad, undertakes various activities under Corporate Social Responsibility.

At Nagarjuna, we define CSR as:

- Conducting affairs of our company in a socially acceptable manner
- Understanding, supporting and developing the communities and the cultures within which we work
- Protecting the environment and safety of the people connected with the company and the surroundings.
- Enhancing the value of the company through sustainable growth

Our CSR Framework:

Nagarjuna's CSR Framework consists of following four important dimensions:

- Investors and other stakeholders
- Customers
- Employees
- Community

Compliance:

Compliance with this policy is continuously monitored and subject to review by the Company.

In the ensuing year, the major focus will be on development of the Communities located in and around the Plants of the Company with continued support to Investors and other stakeholders, Customers and Employees.

2. Web-link

The Web-link to the CSR policy and projects or programs is <http://www.nagarjunafertilizers.com/social.htm>

3. CSR Committee

The CSR Committee comprises of the following Directors :

Dr. NCB Nath	:	Chairman
Mr. K S Raju	:	Member
Mr. K Rahul Raju	:	Member

4. Financial Details

- a) The Average net loss of the company for the last three financial years i.e., 2013-14, 2014-15 and 2015-16 is ₹ 23,991.64 lacs.
- b) The prescribed CSR Expenditure for the financial year 2015-16 (two per cent, of the amount as in item 3 above) is Nil.
 - i. Total amount spent for the financial year : approximately ₹ 78,39,118/- (Rupees Seventy Eight lakhs, Thirty Nine Thousand One Hundred and Eighteen only)*
 - ii. Amount unspent, if any : Nil
 - iii. Manner in which the amount spent during the financial year is detailed below :

* The company continues to undertake CSR activities though not required to do so in terms of Companies Act, 2013 to meet its continuing commitments.

The CSR activities were undertaken in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports, etc.,

S. No	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken.	Amount spent : Direct or through implementing agency (₹)
A	1. Supply of Drinking Water	Social Welfare	Hyderabad, Telangana	65,090
	2. Supply of Water to Kondelpeta, Kakinada	Social Welfare	Kakinada, Andhra Pradesh	66,000
	3. Supply of Infrastructure / Books/ Stationery Items / school uniforms / linen / medicines / sports items/ cooking vessels and Groceries to 86 Centers covering Orphanages, Homes for the Aged, Government Schools, Homes for differently abled children, Homes for the aids infected patients, unweid mothers children, short stay homes and tuition centers on June 29, 2015	Social Welfare	Throughout India	21,29,380
	4. Supply of Infrastructure / Books/ Stationery Items / school uniforms / linen / medicines / sports items/ cooking vessels and Groceries to 101 Centers covering Orphanages, Homes for the Aged, Government Schools, Homes for differently abled children, Homes for the aids infected patients, unweid mothers children, short stay homes and tuition centers on November 28, 2015	Social Welfare	Throughout India	17,28,719
	5. Supported various organizations by providing nutritious needs to inmates	Social Welfare	Hyderabad, Telangana	2,49,336
	6. Continue to maintain the lawns in the Kakinada Railway station	Social Welfare	Kakinada, Andhra Pradesh	42,500
	7. College Fees paid for one Blind child	Social Welfare	Hyderabad, Telangana	15,000
	8. Magic Bus – Empowering children and youth out of poverty	Social Welfare	Hyderabad, Telangana	75,000
B	1. Financial support to the early intervention children center being maintained by Uma Manovikasa Kendram	Health Care	Kakinada, Andhra Pradesh	3,00,000
	2. Seethamma Health Chariot and Kondelpeta Primary Health Care	Health Care	Kakinada, Andhra Pradesh	10,70,530
	3. Leprosy patients at Vimukthi colony Kakinada	Health Care	Kakinada, Andhra Pradesh	23,414
	4. Financial support to the blind children center being maintained by The Aided School for the Blind & Hostel	Health Care	Kakinada, Andhra Pradesh	80,000
C	1. Financial support for public – awareness programmes of Mohan Foundation with respect to Multi-Organ Donations and Life Savers Programme	Public Health	Hyderabad, Telangana	5,22,000
	2. Financial Support to Kondelpeta Literacy Drive	Public Health	Kakinada, Andhra Pradesh	18,000
D	Cyclone Relief assistance	Natural Calamities	Tamil Nadu	10,000
E	Salary Paid to CSR Consultant			5,44,500
F	Nagarjuna Management Development Centre			8,99,649

The CSR activities of the company are conducted by Nagarjuna Foundation, a Section 8 company under the Companies Act, 2013.

5. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and Policy of the Company :

We, the Members of the Corporate Social Responsibility Committee of the Board of Directors of Nagarjuna Fertilizers and Chemicals Limited confirm and affirm that in accordance with Section 135 of the Companies Act, 2013 and applicable Rules, we complied with the following :

- 1) Formulated and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013
- 2) Recommended the amount of expenditure to be incurred
- 3) Instituted a transparent monitoring mechanism for the implementation of the Policy from time to time.

Hyderabad
August 6, 2016

K Rahul Raju
Managing Director

Dr NCB Nath
Chairman, CSR Committee

ANNEXURE – IV

Particulars of Contracts / Arrangement made with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 – Form AOC-2)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
2. Details of material contracts or arrangement or transactions at arm's length basis - NIL

By Order of the Board

Hyderabad
August 6, 2016

K S Raju
Chairman

ANNEXURE – V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of energy:

During the Financial Year 2015-16, the following Energy Saving Schemes as well as Reliability Improvement Measures were implemented-

- i. Replacement of Front-end Boiler 1st Compartment in Ammonia-I: A Reliability improvement measure with an Investment of ₹ 741.11 Lakhs.
- ii. Replacement of H2S Absorber catalyst in Ammonia-I (Investment ₹ 36.47 Lakhs)
- iii. Replacement of LT Shift Converter catalyst in Ammonia-I (Investment ₹ 802.66 Lakhs)

(B) Technology absorption:

i. Research and Development (R & D):

1) Specific areas in which R & D was carried out by the Company:

a) Production Facility at Kakinada:

There is no separate R & D department at production facility at Kakinada. However, the Engineers engaged in Technical Services, Production, General Engineering and Maintenance Departments undertake activities which are aimed at improvements in the following areas:

- i. Energy Conservation.
- ii. Capacity Enhancement.
- iii. Environmental Protection.
- iv. Process and Personnel Safety.
- v. Enhancement of Plant Reliability.
- vi. Rain Water Harvesting for Conserving Raw Water Intake.
- vii. Exploration for Usage of Renewable Energy Sources like Solar, etc.

b) Production Facility at MI and PVC Plants:

- i. Developed new products like 4 LPH Mini LIN dripper indigenously and supplied to the market.
- ii. Introduced 25 m³/hr and 40 m³/hr plastic hydro cyclone filters by replacing metal Hydro Cyclone filters to overcome the rusting problem.
- iii. Successfully developed and implemented 75 mm molded HDPE fittings (both socket fusion and butt type) as a result quality has been improved and cost has been reduced.
- iv. A new pneumatic flow rate machine with 25 stations has been developed for Halol plant.
- v. Developed a new cost effective PCN for HDPE sprinkler pipes.
- vi. Insertion unit of Easy Drip has been refurbished successfully at MI Nacharam plant.
- vii. Various tools & Spare parts have been developed locally to reduce the dependency on Imports.

2) Benefits derived as a result of the above efforts :

a) Production Facility at Kakinada:

The improvements achieved in the areas of Production Performance, Treated Effluent Generation, Environmental Protection, Process & Personnel Safety are given below:

- i. Complex achieved lowest Specific Effluent Generation of 0.578 m³ / MT of Urea, surpassing the previous best of 0.608 m³ / MT of Urea achieved during 2014-15.
- ii. Replacement of Ammonia-I Front-End Boiler 1st Compartment and CO2 Compressor 2nd Inter-stage Cooler (E126) tube bundle resulted in improvement of reliability. However, plants were operated on low load due to shortage of Natural Gas.

Award Received:

Best Management Award: NFCL has been awarded “Best Management Award 2015” by Government of Andhra Pradesh. The Award was received from Sri Nara Chandra Babu Naidu, Honorable Chief Minister, Andhra Pradesh during the function held at Rajahmundry in connection with “May Day” Celebrations.

b) Production Facility at MI and PVC Plants:

- i. Quality of finished goods and bought out items has been improved.
- ii. Reduced field complaints and warranty claims.
- iii. Improved Customer satisfaction.
- iv. With the development of new Mini LIN drippers, there is a saving of 17 % in dripper cost.
- v. With the development of insertion unit, the rejection % has been reduced and No Dripper problem minimized.

Expansion / Developments:

- i. Developed 63 mm & 75 mm coupler’s molds at Halol plant successfully.
- ii. Development of 32 cavity semi hot runner mold initiated to manufacture 2 LPH mini LIN drippers.

3) Future Plan of Action:

a) Production Facility at Kakinada:

The following action plan has been made to improve Production, Plant Reliability, Specific Energy Consumption & in EHS areas as mentioned below:

- i. Upgradation of Refrigeration Ammonia Condenser (EE-510C) in Ammonia-I & II
- ii. Upgradation of Methanated Gas final cooler in Ammonia-I (E-312 A/B)

Energy Reduction and Capacity Enhancement Study:

- i. To meet the Energy Target Set by DoF (5.5 Gcal / MT of Urea from 2018-19 onwards), necessary correspondence has been taken up with Technology Suppliers to bring down the Specific Energy of NFCL Complex.
- ii. Accordingly, Order was placed on M/s Saipem and M/s HTAS for studying capacity enhancement (Each Ammonia 1525 MTPD & Each Urea 2675 MTPD) and Energy reduction to 5.3 Gcal / MT Urea.
- iii. Kickoff meeting was held at M/s Saipem office Chennai on 11th Mar 2016. HTAS Team joined the Kickoff meeting through Video Conference.

b) Production Facility at MI and PVC Plants:

- i. Proposal for setting up of PVC Pipe manufacturing facility at Halol plant to obtain logistical advantage.
- ii. Proposal to setup Dripper (Non PC) manufacturing facility at Nacharam and Halol Plants in a phased manner.

4) Research and Development (R & D):

a. Specific areas in which R & D was carried out by the company

At present the company has a prominent presence in the area of Plant Nutrition and to further increase its business, the development of the targeted focus areas for R & D programs for new products/ processes development are at different stages of pre-pilot plant to pilot plant and field trails.

Nutrition use efficiency macro and micronutrients

Some products are developed at R & D and few are tested at field and shortlisted to the next scale up. Rest of them are under field trial testing.

Bio fertilizer / Soil conditioner / Bio stimulants

Some products are tested at farmers field and Test market is launched for one of the best product. Few products are under field trial.

b. Benefits derived as a result of the above efforts:

Plant Nutrition Business

The new products and processes developed will provide a sustainable competitive advantage and better market share thereby propelling the business growth.

c. Future Plan of Action

In the areas of Plant Nutrition as well as Green chemical areas, company has entered in some products the Proof of Value stage. Initiated process of monetization of the IP Portfolio to open up further investment in this areas for further development and commercialization.

d. Expenditure on R & D

A separate record of the expenditure incurred in R & D is maintained for the R & D division.

ii. Technology Absorption, Adaptation and Innovation:

1) Efforts, in brief, made towards technology absorption, adaptation and Innovation:

a) Production Facility at Kakinada:

Installation of JSC NIIK Vortex Mixer in Urea-II Reactor: This scheme was implemented during PTA 2014 in Urea II Reactor. NFCL is the first Fertilizer Industry in India to adopt this technology.

Subsequent to GAIL's Pipeline Blast at Nagaram on 27th Jun 2014, GAIL isolated total NG supplies to NFCL and subsequently after pipeline health check restored NG supplies in phased manner. **Most of the days in FY 2015-16, NFCL Complex faced severe shortage of Natural Gas (availability is only 2.2 ~ 2.3 MMSCMD against requirement of 3.159 MMSCMD, Complex was operated at 3200-3300 MTPD against Revamp capacity of 4606 MTPD). During the FY 2015-16, company primarily focussed & made efforts for restoration of Full NG availability to the complex.** Mandatory Energy Audit for the complex was carried out by M/s FICCI and suggested schemes are being reviewed for techno-commercial viability at full load operation and the same will be implemented based on their viability. Further, a study by Technology suppliers is going on to improve the overall Complex energy performance and reliability improvement.

b) Production Facility at MI and PVC Plants:

- i. Indigenization of imported spare parts carried out to reduce the dependency on imported parts and optimize the cost.
- ii. Reduced Bobbin size for Eco product (0.25, 0.30 and 0.40 mm wall thickness) to reduce the packing cost.

2) Benefits derived as a result of the above efforts, example Product Improvement, Cost Reduction, Product Development Import Substitution etc.

a) Production Facility at Kakinada:

- Installation of Vortex Mixer in Urea-II Reactor improved conversion thereby resulted in energy savings.
- With the implementation of "Energy Reduction and Capacity Enhancement Project", The complex Sp. Energy Consumption is targeted for improvement of at least 0.1 Gcal/MT of Urea

b) Production Facility at MI and PVC Plants:

- i. Logistical cost has been reduced by developing the product at different locations.
- ii. Consumed 100% process scrap within BIS norms in non-prime products.
- iii. Continuously reduced the input costs by optimizing the processes.
- iv. Improved the efficiency of production lines.
- v. Warranty claims have been reduced by improving quality of products.

3) In case of import technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

a) Production Facility at Kakinada:

Vortex Mixer installed in Urea II Reactor during PTA 2014. JSC NIIK is the supplier of Vortex Mixer. With this installation Urea conversion increased & Plant reliability improved.

b) Production Facility at MI and PVC Plants:

New Superlin Dripper attachments commissioned at Nacharam and Halol plants successfully during this year.

c) Foreign exchange earnings and Outgo

Particulars of Foreign Exchange Earnings and outgoings for the year 2015-16

A. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plans: NIL

B. 1. Foreign Exchange Outgo:

₹ in lacs

i. Technical know-how (net of Tax)	-
ii. Interest	311.09
iii. Dividend (net of taxes)	
a. Equity	-
b. Preference	-
iv. Others	2,140.78
2. Foreign Exchange earnings	956.44

ANNEXURE – VI

EXTRACT OF ANNUAL RETURN (MGT-9) as on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i. CIN	L24129AP2006PLC076238
ii. Registration Date	November 7, 2006
iii. Name of the Company	Nagarjuna Fertilizers and Chemicals Limited
iv. Category / Sub-Category of the Company	Public Limited Company
v. Address of the Registered office and contact details	D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082 Mr. M Ramakanth, Vice President – Legal & Company Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
vi. Whether listed Company	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: (040) 23358405 Email: Investors@nagarjunagroup.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY There are business activities contributing 10% or more of the total turnover of the company - manufacture and sale of urea.

Sl. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Urea	20121	84.26

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. NO	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section of Companies Act, 2013
1	Jaiprakash Engineering and Steel Company Limited (JESCO)	U00337KA1993PLC014694	Subsidiary	99.84	2(87)
2	Nagarjuna Industrial Services and Investments Private Limited (NISIPL)	094708 C1/GBL	Subsidiary	100	2(87)
3	Spawnt Private S.àr.l, Luxembourg	B152282	Step-down Subsidiary	100 by NISIPL	
4	Nagarjuna Agricultural Research and Development Institute (NARDI)	U80100TG1995NPL022409	Associate	25	2(6)
5	KVK Raju International Leadership Academy	U80101TG1995NPL022410	Associate	42.85	2(6)

IV SHAREHOLDING PATTERN

(i) Category - wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	21427989	-	21427989	3.58	21427989	-	21427989	3.58	0.00
d) Bodies Corp.	270328548	-	270328548	45.20	270328548	-	270328548	45.20	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Trust) (Co-op Society)	25743525 11000000	-	25743525 11000000	4.30 1.84	25743525 11000000	-	25743525 11000000	4.30 1.84	0.00 0.00
Sub-total (A) (1):-	328500062	-	328500062	54.93	328500062	-	328500062	54.93	0.00
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	4400000	-	4400000	0.74	4400000	-	4400000	0.74	0.00
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other NRI based company	-	8800000	8800000	1.47	-	8800000	8800000	1.47	0.00
Sub-total (A) (2):-	4400000	8800000	13200000	2.21	4400000	8800000	13200000	2.21	0.00
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	332900062	8800000	341700062	57.13	332900062	8800000	341700062	57.13	0.00

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	718300	455125	1173425	0.20	718300	455125	1173425	0.20	0.00
b) Banks / FI	5634	62013	67647	0.01	5634	62013	67647	0.01	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	8865432	330	8865762	1.48	8865432	330	8865762	1.48	0.00
g) FIs	10049669	33275	10082944	1.69	10049669	33275	10082944	1.69	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):-	19639035	550743	20189778	3.38	19639035	550743	20189778	3.38	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	57051530	380124	57431654	9.60	57051530	380124	57431654	9.60	0.00
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	122920028	43444580	166364608	27.82	122920028	43444580	166364608	27.82	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	6454978	-	6454978	1.08	6454978	-	6454978	1.08	0.00
c) Others (specify) NRI	4716680	1060311	5776991	0.97	4716680	1060311	5776991	0.97	0.00
Trusts	15510	131422	146932	0.02	15510	131422	146932	0.02	0.00
Sub-total (B)(2):-	191158726	45016437	236175163	39.49	191158726	45016437	236175163	39.49	0.00
Total Public Shareholding (B)= (B)(1)+ (B)(2)	210797761	45567180	256364941	42.87	210797761	45567180	256364941	42.87	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	543697823	54367180	598065003	100.00	543697823	54367180	598065003	100.00	0.00

(ii) Shareholding of Promoters

Sl No.	Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of total shares of the Company	% Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% Shares Pledged / encumbered to total shares	
	Core Promoter							
1	Amlika Mercantile Private Limited	296072073	49.5 *	43.74	296072073	49.5 *	43.74	0.00
	Co- Promoter							
1	Governor of Andhra Pradesh	21427989	3.58	-	21427989	3.58	-	0.00
2	KRIBHCO	11000000	1.84	-	11000000	1.84	-	0.00
3	Fireseed Limited	8800000	1.47	-	8800000	1.47	-	0.00
4	Saipem SPA	4400000	0.74	-	4400000	0.74	-	0.00
	Total	341700062	57.13	43.74	341700062	57.13	43.74	0.00

Notes:

- Amlika Mercantile Private Limited (Amlika) is now the Core Promoter of the company consequent to the disclosure received from Amlika, that a Scheme of Amalgamation between Nagarjuna Corporation Limited (NCL) and Amlika was approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 and the Scheme was made effective on June 19, 2014 in terms of which the equity shares held by NCL in NFCL were vested in Amlika
- NCL had:
 - Vide letter dated November 11, 2012 informed the Company that a Composite Scheme of Arrangement and Amalgamation between Nagarjuna Corporation Limited (NCL), Nagarjuna Management Services Private Limited (NMS), Nagarjuna Holdings Private Limited (NHPL), Baron Properties Private Limited (BPPL), White Stream Properties Private Limited (WSPPL) and Growth Stream Properties Private Limited (GSPL) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012. The Scheme was made effective on November 9, 2012 and necessary disclosures and reports were filed with BSE, NSE and SEBI. Pursuant to the Scheme NMS, NHPL, BPPL and WSPPL were merged into NCL. The equity shares held by these companies shall be transferred to NCL after removal of pledge by the banks to whom they are pledged on the commencement of trading of NFCL equity shares. The shareholding of NMSPL includes 7,24,707 equity shares pledged with ICICI Bank held by Saveri Chemicals (P) Ltd., on behalf of Nagarjuna Management Services Private Limited (NMSPL) vested pursuant to Scheme of Arrangement approved by the Hon'ble High Court of Bombay, Mumbai. Pledge is yet to be revoked and shares yet to be transferred to Nagarjuna Management Services Private Limited.
 - Vide letter dated July 23, 2013 informed the Company that a Scheme of Amalgamation between NCL, Nagarjuna Staff Betterment Company Private Limited (NSB) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai. Pursuant to the Scheme NSB was merged into NCL. The equity shares of NFCL (87,23,277) held by NSB shall be transferred to NCL on the commencement of trading of NFCL equity shares.
- Accordingly, all the shares mentioned above in points 1 and 2 vest in Amlika with effect from June 19, 2014.
- Further, the company has received disclosures dated July 23, 2014 from Amlika that they have acquired 2,57,43,525 equity shares from NFCL Employee Welfare Trust. These shares shall be transferred to Amlika on the commencement of trading of NFCL equity shares.

(iii) Change in Promoters' Shareholding

SI No	Name	Shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year				
	Core Promoter				
1	Amlika Mercantile Private Limited	296072073	49.5 *	296072073	49.5 *
	Co-Promoters				
1	Governor of Andhra Pradesh	21427989	3.58	21427989	3.58
2	KRIBHCO	11000000	1.84	11000000	1.84
3	Fireseed Limited	8800000	1.47	8800000	1.47
4	Saipem SPA	4400000	0.74	4400000	0.74
	At the End of the year				
	Core-Promoters				
1	Amlika Mercantile Private Limited	296072073	49.5 *		
	Co-Promoters				
1	Governor of Andhra Pradesh	21427989	3.58		
2	KRIBHCO	11000000	1.84		
3	Fireseed Limited	8800000	1.47		
4	Saipem SPA	4400000	0.74		

* Please refer Note above in point IV (ii)

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SI No	For Each of the Top 10 Shareholders	Shareholding		Cumulative shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year				
1	Zuari Global Limited	32267741	5.40	32267741	5.40
2	Life Insurance Corporation of India	5911262	0.99	5911262	0.99
3	Lok Prakashan Ltd.	2684862	0.45	2684862	0.45
4	Dimensional Emerging Markets Value Fund	2082494	0.35	2082494	0.35
5	United India Insurance Company Ltd.	2064415	0.35	2064415	0.35
6	Jay-Vijay Resources Pvt Ltd.	1320000	0.22	1320000	0.22
7	Credit Suisse (Singapore) Limited	1067596	0.18	1067596	0.18
8	Arvind Mehta	948200	0.16	948200	0.16
9	Karvy Stock Broking Ltd (BSE)	681048	0.11	681048	0.11
10	Ajmera Associates Ltd.	668158	0.11	668158	0.11
	At the End of the year (or on the date of separation, if separated during the year)				
1	Zuari Global Limited	32267741	5.40		
2	Life Insurance Corporation of India	5911262	0.99		
3	Lok Prakashan Ltd.	2684862	0.45		
4	Dimensional Emerging Markets Value Fund	2082494	0.35		
5	United India Insurance Company Ltd.	2064415	0.35		
6	Jay-Vijay Resources Pvt Ltd.	1320000	0.22		
7	Credit Suisse (Singapore) Limited	1067596	0.18		
8	Arvind Mehta	948200	0.16		
9	Karvy Stock Broking Ltd (BSE)	681048	0.11		
10	Ajmera Associates Ltd.	668158	0.11		

(v) Shareholding of Directors and Key Managerial Personnel:

SI No	Particulars	Shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	33,300.88	4,119.11	-	37,419.99
ii) Interest due but not paid	332.31	-	-	332.31
iii) Interest accrued but not due	1,003.97	-	-	1,003.97
Total (i+ii+iii)	34,637.16	4,119.11	-	38,756.27
Change in Indebtedness during the financial year				
Addition	61,249.47	490.82	-	61,740.29
Reduction	15,729.98	390.71	-	16,120.69
Net Change Indebtedness at the end of the financial year				
i) Principal Amount	79,167.80	4,219.22	-	83,387.02
ii) Interest due but not paid	917.52	-	-	917.52
iii) Interest accrued but not due	71.33	-	-	71.33
Total (i+ii+iii)	80,156.65	4,219.22	-	84,375.87

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration of Managing Director, Whole-time Directors and/or Manager

(₹)

SI No	Particular of Remuneration	Mr. K S Raju Chairman	Mr. Rahul Raju Managing Director	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	53,85,834	53,85,834	1,07,71,668
	(b) Value of perquisites u/s of 17(2) Income-tax Act, 1961	10,96,952	5,00,629	15,97,581
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission (a) as % of profit (b) others	-	-	-
5.	Others, please specify	6,34,796	11,19,796	17,54,592
	Total (A)	71,17,582	70,06,259	1,41,23,841

B. Remuneration to other directors:

(₹)

S No.	Particular of Remuneration	Directors					Total Amount
1.	Independent Directors	Dr. NCB Nath	Mr. S R Ramakrishnan	Mr. D Ranga Raju	Ms. Lalitha Raghuram	Mr. Arjun Kumar Arora	
	Fee for attending board/committee meetings	3,91,500	2,83,500	40,500	13,500	54,000	7,83,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total	3,91,500	2,83,500	40,500	13,500	54,000	7,83,000
2.	Other Non-Executive Directors	Mr. Chandra Pal Singh Yadav	Mr. M P Radha krishnan	Mr. Pawan Kumar*	Mr. Shailendra Govind Nadkarni**	Mr. Yogesh Rastogi/Mr. Anil Kumar P R ***	
	Fee for attending board/committee meetings	54,000	2,83,500	67,500	1,21,500	54,000	5,80,500
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total	54,000	2,83,500	67,500	1,21,500	54,000	5,80,500

* - Paid to IFCI Limited ** - Paid to IDBI Limited ***- Paid to ICICI Limited

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹)

S. No	Particular of Remuneration	Key Managerial Personnel		Total Amount
		Mr. M Ramakanth Company Secretary	Mr. Sudhir Bhansali CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	61,30,141	72,58,125	1,33,88,266
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	2,49,380	3,57,860	6,07,240
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission (a) as % of profit (b) others	-	-	-
5.	Others - PF, Superannuation, Gratuity Insurance	5,21,992	6,11,337	11,33,329
	Total	69,01,513	82,27,322	1,51,28,835

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/ NCLT /COURT)	Appeal made, if any (Give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

ANNEXURE – VII

Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

Nagarjuna Fertilizers and Chemicals Limited

Nagarjuna Circle, Punjagutta

Hyderabad, Telangana

India – 500 082

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nagarjuna Fertilizers and Chemicals Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit; we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

Sl Particulars

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

6. We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. Provisions of Listing Agreements and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Under the Companies Act, 2013, I report that

A. That based on our ray examination and verification of the records produced to us and according to the information and explanations given to us by the Company that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 ("the Act") and the rules made under the Act and Memorandum and Articles of Association of the Company, inter alia with regard to:

a. Maintenance of various statutory registers and documents and making necessary entries therein;

b. Closure of Register of Members / Debenture holders;

c. Forms, returns, documents and resolutions required to be filed with the Register of Companies and the Central Government;

d. Service of documents by the company on its members and Registrar of Companies.

e. Notices and minutes of the meetings of the committees of directors;

f. The meetings of Directors and Committees of Directors (including passing of resolutions by circulation) held on 16-05-2015, 23-07-2015, 29-09-2015, 03-11-2015 and 04-02-2016;

g. The Annual General Meeting held on 29th September, 2015;

h. Minutes of proceedings of General Meetings and of the Board and its Committee meetings;

i. Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;

j. Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;

k. Payment of remuneration to Directors including the Managing Director and Whole-time Directors where the Company has filed the necessary application to the Central Government as detailed below:

1. The Company filed application(s) with the Central Government in March, 2015 for waiver of excess remuneration paid to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director during the year April 1, 2013 to March 31, 2014. The Central Government vide its letters dated September 8, 2015 approved the applications of the company and permitted waiver of excess remuneration paid to the said managerial personnel.

2. The company filed application(s) with the Central Government in March, 2015 for waiver of excess managerial remuneration paid to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, between April 1, 2014 to July 31, 2014. The Central Government vide its letters dated November 2, 2015, permitted payment of 50% of the remuneration paid to concerned Directors and directed the Company to recover the balance 50%. Pursuant to this, the Company recovered the excess remuneration from the concerned.

3. The company had filed application (s) with the Central Government for payment of managerial remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, for the period August 1, 2014 to July 31, 2017. The Central Government approved the applications

l. Appointment and remuneration of Auditors and Cost Auditors;

m. There is no transfers of the Company's shares and issue and dispatch of duplicate certificates of shares. We have been informed that the Company received application (s) for transmission of equity shares but they could not be processed since the accounts of shareholders are frozen with the Depositories on the date of signing this report. We have been informed that the same will be processed and completed on the commencement of the trading of the shares of the company.

n. Due to loss, the Directors of the Company were unable to recommend any dividend on the equity capital of the Company. Therefore there is no requirement to comply with the provisions for declaration and payment of dividends;

o. The Company has unclaimed dividend and there is a requirement for transfer of amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs

p. Borrowings and registration, modification and satisfaction of charges wherever applicable;

q. Investment of the Company's funds including investments and loans to others;

r. Form of Balance Sheet as prescribed under Part I, form of statement of Profit and Loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;

s. Directors' Report;

t. Contracts, common seal, registered office and publication of name of the Company; and

B. Under the Companies Act, 2013, I further report that

i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes

- iv. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers. However, it is brought to our notice that:

As required under Section 152 (6) (a) of the Companies Act, 2013, the Company does not have any Director who can be subjected to retirement by rotation for compliance of the said Section. We have been informed by management in this regard that the Company filed a Suo Moto Compounding Application with Registrar of Companies as per Section 621A of the Companies Act, 1956 read with Sec 172 of the Companies Act, 2013 dated 9th December, 2015.

- v. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

2. Under the Securities Contracts (Regulation) Act, 1956, I report that

We have been informed of the completion of post Amalgamation formalities which has been summarized as under :

- a) The Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited, Nagarjuna Fertilizers and Chemicals Limited; Nagarjuna Oil Refinery Limited and Ikisan Limited were approved by the High Court of Bombay and Andhra Pradesh on June 17, 2011 and June 27, 2011 respectively. Consequent to the approval, the Company obtained necessary in-principle approvals from BSE and NSE for listing of the equity shares subject to relaxation by SEBI from requirements under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.
- b) However, SEBI had filed an application in the High Court of Bombay at Mumbai to recall / review the approved Order for the Composite Scheme of Arrangement and Amalgamation. The High Court of Bombay dismissed the application on September 10, 2015 with costs.
- c) The Company in the meantime, filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation/ waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957. The SAT passed an Order directing SEBI to pass Orders setting aside the objections raised by SEBI.
- d) As against the SAT order dated October 30, 2015 stated above, SEBI filed a Appeal in Supreme Court of India. The Supreme Court dismissed the SEBI appeal on January 22, 2016.
- e) SEBI vide their letter dated 4th February, 2016 granted the relaxation to the Company from compliance under Rule 19(2) of the Securities Contracts (Regulations) Rules, 1957 subject to the satisfaction of certain conditions and compliances.
- f) SEBI had filed an appeal before the before the Division Bench in the High Court of Bombay against the order of the Single Judge requesting the Mumbai High Court to maintain and continue the appeal for the same.

3. Under the Depositories Act, 1996, I report that

The Company has complied with the provisions of the Depositories Act, 1996 and the byelaws framed there under by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

4. Under FEMA, 1999, I report that

The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

5. Under the SEBI Act, I report that

- a. The Company has complied with the requirements under the Listing Agreements entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

I further report that:

Regulation 17(1)(b) of LODR- Mr. K.S. Raju is an Executive Chairman and atleast half the Board shall consist of Independent Directors. The Company is at present falling short of having one Independent Director on the Board and it has been advised to review and comply with above regulation

- b. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to the disclosures and maintenance of records required under the Regulations and we note that there are no transactions falling under the purview of these regulations during the financial year under review.
- c. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with regard to disclosures and maintenance of records required under the Regulations.

- d. The Company is not required to comply with the provisions of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of ' Employees Stock Option Scheme, Grant of Options and related disclosures and other aspects as no such transaction had arisen in this respect during the year under review.

- e. The Company is not required to comply with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as there was no issue and no allotment of convertible warrants on preferential basis to entities in the Promoters Group.

6. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For KBG Associates
Company Secretaries

(Srikrishna S Chintalapati)
Partner
CP # 6262

Hyderabad
June 10, 2016

'ANNEXURE-A'

To,
The Members,
Nagarjuna Fertilizers and Chemicals Limited
Nagarjuna Hills, Punjagutta
Hyderabad – 500 082
Telangana

Our report for the even date to be read with the following Letter;

Sl	Particulars
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- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
- Pursuant to analysis made; we have been given to understand that the scope of the audit is restricted to
 - Companies Act, 2013
 - SEBI Act, 1992
 - The Depositories Act, 1996
 - Foreign Exchange Management Act, 1999
 - Securities Contracts (Regulation) Act, 1956

For KBG Associates
Company Secretaries

(Srikrishna S Chintalapati)
Partner
CP # 6262

Hyderabad
June 10, 2016

CORPORATE GOVERNANCE REPORT

(Annexure to the Directors' Report)

A. COMPANY'S PHILOSOPHY

At Nagarjuna, we believe in the philosophy of 'Serving Society through Industry', with the Nagarjuna Culture being 'We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society'.

This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its interactions with stakeholders, customers, associates and community at large which has always propelled the Group towards newer horizons.

Owing to the changing business environment in which the company today operates, your company has drawn up a Vision

'To be global leaders in plant nutrition'

with a Mission

'We shall pioneer transformation in plant nutrition, deliver wholesome plant nutrition solutions to the farmers and be the organization to be associated with'.

At Nagarjuna, we continually strive to transform our business environment. We are committed to continuously evoke customer delight through constant review, monitoring and delivering proactive value-added solutions. We are also committed to provide satisfaction of all stakeholders in a balanced manner through sustainable growth and profitability. We also aim to create an environment where work becomes an enjoyable experience aligning individual goals with organizational goals, share knowledge and information, be proactive and responsible, pursue excellence and be committed, transforming the society. We aim to create an environment which enhances opportunities for all the good things, better health, education and overall quality of living that life has to offer.

At Nagarjuna, we believe that it is not the latest technology or management practice (as important as they are) that makes an organization successful as it ought to be. However, what makes it an enterprise worthy of emulation is that it shapes the environment in which it grows through active fostering of creativity, innovation, entrepreneurship and knowledge sharing.

We believe in the principles of trusteeship, fair play and transparency in all our dealings. We endeavour to have a work culture, which is performance-driven and conducive to improving discipline, accountability, character, team spirit and honesty, personally and professionally.

We also believe that mutual care and concern among the employees and the organization acts as a guiding principle.

GOVERNANCE PHILOSOPHY

Your company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your company is always proactive in meeting mandated standards and practicing Corporate Governance in spirit and not just the letter of the law.

Your company's philosophy on Corporate Governance is based on following principles:

- i) Preserving core values and ethical business conduct.
- ii) Commitment to maximizing shareholder value on a sustained basis.
- iii) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the company.
- iv) Perceiving and mitigating the various risks that impact the company.

v) Make timely and transparent disclosures.

vi) Legal and statutory compliances.

Your company's ethos is self-regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards improving management effectiveness, supervision and accountability to stakeholders.

CORPORATE ETHICS

As a responsible corporate the company consciously follows corporate ethics in business and corporate interactions. The various Codes and Policies adopted by the company that determine its functioning are:

- Code of Conduct and Ethics for Senior Management
- Code of Conduct for Prevention of Insider Trading
- Policy on Corporate Social Responsibility
- Policy on Corporate Governance
- Policy on Related Party Transactions
- Legal Compliance Policy
- Whistle Blower Policy
- Policy on Vendor Grievances
- Policy on Supply Chain
- Policy on Succession Planning
- Policy on Employee Participation in Management
- Policy on Conflict Management
- Policy on Training for Board of Directors
- Policy on Induction of Directors
- Board Charter
- Forex Risk Management Policy
- Policy on Corporate Sustainability
- Policy on Sexual Harassment at Workplace
- Policy on Board Evaluation
- Policy on Nomination and Remuneration
- Policy for determining Material Subsidiaries
- Policy for Preservation and Archival of Documents
- Policy on Disclosure of Material Events

The effective implementation of these codes/policies underpins the commitment to uphold highest principles of Corporate Governance consistent with the company's goal to enhance stakeholder value. These codes/policies are briefly described in the report.

DATE OF REPORT

The information provided in the Corporate Governance report for the purpose of unanimity is as on March 31, 2016.

The report is updated as on the date of the report wherever applicable.

B. BOARD OF DIRECTORS

ROLE OF BOARD OF DIRECTORS

The Board has its own charter which sets out the role, structure, responsibilities and operation of the Board.

The primary role of the Board is that of trusteeship to protect the interest of company, its stakeholders and enhance their value. As trustee, the Board ensures that the company has clear goals and policies for achievement which are in alignment with the Vision and Mission of the company.

The Board provides strategic direction, reviews corporate performance, authorizes and monitors strategic decisions, ensures regulatory compliances and safeguards interest of stakeholders.

The Board is responsible for maintaining and nurturing high levels of Corporate Governance in the company.

PECUNIARY RELATIONSHIP

Non-Executive Directors/Independent Directors are committed to maintain a high level of Corporate Governance and as such they do not have any material pecuniary relationship with the Company except as stated in the Corporate Governance Report.

COMPOSITION

The Board of Directors of the company consists of an optimum combination of Executive, Non Executive Directors and Independent Directors from eminent and diverse fields including one woman director.

The members of the Board of Directors of the company include nominees of IDBI Bank Limited, IFCI Limited, ICICI Bank Limited, State Bank of India and our co-promoters Krishak Bharathi Cooperative Limited and nominees of core promoter companies.

The Board believes that the current size is appropriate based on the present circumstances and periodically evaluates the need for change in composition and size of the Board. As on March 31, 2016 the Company was required to appoint one additional independent directors in compliance with the requirements of Regulation 17 of SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015.

The table below shows the composition of the Board as on March 31, 2016.

Category	No. of Directors	% of total No. of Directors
Executive Directors	2	16.66
Non-Executive Directors	1	8.33
Nominee Directors	4	33.33
Independent Directors	5	41.66

The composition of the Board has since undergone a change, pursuant to Mr. Arjun Kumar Arora, an Independent Director resigning from the Company with effect from June 17, 2016, and Mr. Uday Shankar Jha and Mr. C B Mouli being appointed as Additional and Independent Directors with effect from August 6, 2016.

DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD

None of the Directors of your company are Directors on the Board of more than 20 companies or 7 listed companies or 10 board level committees or Chairman in more than 5 Committees, across all companies in which they are Directors.

The table below gives the details of the Board and AGM attendance, membership in all the Committees of Board of Nagarjuna Fertilizers and Chemicals Limited and Directorships and committee positions held in other companies, for the year 2015-16.

Directors	DIN No.	Attendance Particulars			Committee of Board of NFCL	No. of Board, all the Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt, Sec 8 Companies of Companies Act, 2013 etc			
		Board Meeting		Attended Last AGM held on September 29, 2015		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
INDEPENDENT									
Dr. N. C. B Nath	00026509	5	5	Yes	<ul style="list-style-type: none"> • Audit • Management • Nomination and Remuneration • Stakeholders Relationship • Corporate Social Responsibility • Risk Management 	-	1	3	1
Mr. S. R. Ramakrishnan	00015839	5	5	Yes	<ul style="list-style-type: none"> • Audit • Management • Nomination and Remuneration • Risk Management 	1	2	2	6
Mr. D Ranga Raju	00066546	5	3	No	Nil	3	3	-	6
Ms. Lalitha Raghuram	07161344	5	1	Yes	<ul style="list-style-type: none"> • Audit Committee 	-	1	-	1
Mr. Arjun Kumar Arora @	03352668	5	2	NA	<ul style="list-style-type: none"> • Audit Committee • Risk Management 	-	2	2	4
Mr. Uday Shankar Jha@@	00056510	NA	NA	NA	Nil	-	-	-	-
Mr. C B Mouli@@	00042949	NA	NA	NA	Nil	-	6	1	-
NON EXECUTIVE									
Mr. Chandra Pal Singh Yadav	00023382	5	4	Yes	Nil	6	8	3	1
Mr. Samabasiva Rao (Alternate Director)		NA	NA	NA	Nil	-	6	2	2
NOMINEE									
Mr. M. P. Radhakrishnan	00129222	5	5	Yes	<ul style="list-style-type: none"> • Management • Stakeholders Relationship • Investment • Nomination and Remuneration • Risk Management • Asset Sale 	-	-	-	-

Directors	DIN No.	Attendance Particulars			Committee of Board of NFCL	No. of Board, all the Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt, Sec 8 Companies of Companies Act, 2013 etc			
		Board Meeting		Attended Last AGM held on September 29, 2015		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
Mr. Yogesh Rastogi *	01162334	2	1	N.A	● Asset Sale	-	-	-	-
Mr. Anil Kumar P R **	06802394	3	3	Yes	● Asset Sale	-	1	-	-
Mr. Shailendra Govind Nadkarni	03401830	5	3	Yes	● Management ● Stakeholders Relationship ● Risk Management ● Asset Sale	-	-	-	-
Mr. Pawan Kumar #	02153960	5	5	Yes	Nil	-	3	-	-
Mr. O Ramesh Babu ##	05149448	5	NA	NA	Nil	-	-	-	-
EXECUTIVE DIRECTORS									
Mr. K. S. Raju	00008177	5	5	Yes	● Audit ● Management ● Shares & Debentures ● Banking ● Investment ● Nomination and Remuneration ● Risk Management ● Corporate Social Responsibility ● Asset Sale	4	10	10	4
Mr. K. Rahul Raju	00015990	5	5	Yes	● Shares & Debentures ● Banking ● Management ● Investment ● Risk Management ● Corporate Social Responsibility ● Asset Sale	-	10	-	5

@ Mr. Arjun Kumar Arora appointed as Additional Director and Independent Director with effect from November 3, 2015 and resigned with effect from June 17, 2016

@@ Mr. Uday Shankar Jha and Mr. C B Mouli were appointed as Additional Directors and Independent Directors with effect from August 6, 2016

* Mr. Yogesh Kumar Rastogi ceased to be Nominee of ICICI Bank Limited on the Board of the Company with effect from July 28, 2015

** Mr. Anil Kumar P R appointed as Nominee of ICICI Bank Limited on the Board of the Company with effect from July 28, 2015.

Mr. Pawan Kumar, ceased to be Nominee of IFCL Limited on the Board of the Company with effect from April 27, 2016.

Mr. O Ramesh Babu, appointed as Nominee of IFCL Limited on the Board of the Company with effect from April 27, 2016.

BOARD AGENDA AND MINUTES

As a system, Agenda, Notes on Agenda and information to directors are generally circulated not less than seven days before the meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting.

The company is in compliance of Secretarial Standard – I and II issued by the Institute of Company Secretaries of India.

The Board of Directors meets at least once in every quarter to review the quarterly financial results and operations of the company. Apart from this, Board Meetings are convened by giving appropriate notice to address specific needs and business requirements of the company.

Matters of urgent nature are approved by the Board by passing resolutions through circulation

The dates of the Board Meeting are decided well in advance and are communicated to the directors to enable them make it convenient to attend the meeting.

During the year under review the Board of Directors met five times during the year on May 16, 2015, July 23, 2015, September 29, 2015, November 3, 2015 and February 4, 2016.

The company has a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and Committees of the Board. The Company presents a comprehensive Action Taken Report of the previous meeting to the Board of Directors at the ensuing Meeting of the Board of Directors.

INFORMATION TO THE BOARD

The Board has complete access to all the information within the company inter alia the following information is regularly provided to the Board as part of the agenda papers.

- Monthly operations report and quarterly results of the company.
- Annual operating plans, budgets, capital budgets, cash flow, updates and all variances.
- Contracts in which Directors are deemed to be interested.
- Materially important show-cause notices, demand, prosecutions or other legal notices.
- Materially relevant default in financial obligations to and by the company.
- Significant labour problems and their proposed solutions and other significant developments.
- Compliance of any regulatory, statutory nature or listing requirements.
- Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.
- Status of subsidiary companies.
- Minutes of meetings of the Board of Directors of subsidiary companies.
- Details of related party transactions.

- Quarterly compliance report in terms of SEBI (Listing Obligation and Disclosure Requirement) and any non-compliance.
- Report on risk assessment and minimisation procedures.
- Information on recruitment and remuneration of senior managerial personnel below the Board level.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Issues which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- Details of any joint ventures or collaboration agreements.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

REVIEW OF LEGAL COMPLIANCE REPORTS

The Board periodically reviews the compliance reports in respect of the various statutory enactments applicable to the company.

REMUNERATION TO DIRECTORS

Remuneration to Directors

The Company has adopted a Nomination and Remuneration Policy in compliance of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. The Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has adopted a Policy on Board Evaluation in compliance of Companies Act, 2013 and the Erstwhile Listing Agreement (now Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015). The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Board. The Nomination and Remuneration Committee of the Board is responsible for the evaluation of the Board, Committee and Directors.

Remuneration to Non-Executive Directors/Independent Directors

The Non-Executive Directors of the company, whether Independent or Non-Independent, are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors which is within the limits prescribed under the Companies Act, 1956 and the company has not paid any other fee or compensation to the Non-Executive Directors.

The table below shows the details of remuneration paid to Non-Executive/ Independent Directors of the company during 2015-16 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors.

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors/ Committees of Directors
INDEPENDENT	
Dr N. C. B. Nath	3,91,500
Mr. S. R. Ramakrishnan	2,83,500
Mr. D Ranga Raju	40,500
Ms. Lalitha Raghuram	13,500
Mr. Arjun Kumar Arora	54,000
NON-EXECUTIVE	
Mr. Chandra Pal Singh Yadav	54,000
NOMINEE	
Mr. M. P. Radhakrishnan	2,83,500
Mr. Pawan Kumar *	67,500
Mr. Shailendra Govind Nadkarni **	1,21,500
Mr. Yogesh Rastogi ***	13,500
Mr. P R Anil Kumar ***	40,500

* Paid to IFCI Limited
 ** Paid to IDBI Limited
 *** Paid to ICICI Limited

Remuneration to Executive Directors

The Executive Directors remuneration is subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions

The Board, on the recommendations of the Nomination and Remuneration Committee of the Board of Directors, considers the remuneration of the Executive Directors. The Board recommends the remuneration of Executive Directors, for approval of the shareholders, at the General Body Meeting or any such authority as may be required.

The remuneration paid is determined keeping in view the industry benchmark, the relative performance of the company and on review of remuneration packages of CEO's of other organizations in the industry.

Apart from the above, the Executive Directors do not receive any other remuneration.

Perquisites include housing, medical reimbursement, leave travel concession, club fees, personal accident insurance, earned leave and car among others.

The company has not entered into any contract with the managerial personnel and the notice period is governed by the rules of the company and no severance fees is payable.

The company does not have any stock option scheme for the managerial personnel.

The table below shows the details of remuneration approved by the Members of the Company for payment to Executive Directors of the company during 2015-16.

Directors Name	Salary p.m. and Commission	Perquisites
Mr. K. S. Raju	₹2,50,000/- Commission of 0.5% of the net profit of the Company limited to annual salary	@perquisites are restricted to an amount equal to the annual salary.
Mr. K. Rahul Raju	₹2,50,000/- Commission of 0.5% of the net profit of the Company limited to annual salary	@ perquisites are restricted to an amount equal to the annual salary.

During the year 2015-16 the company has not increased the remuneration of any of its Directors.

The Company has filed necessary applications with the Central Government in relation to the waiver of remuneration paid to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director during the year April 1, 2013 to March 31, 2014 and for the period April 1, 2014 to July 31, 2014 in view of the loss for the year ended March 31, 2014, the default under the provisions of Schedule XIII of the Companies Act, 1956 and Schedule V of the Companies Act, 2013 during the previous financial year.

The Central Government vide its letters dated September 8, 2015 approved the applications of the company and permitted waiver of excess remuneration paid to the said managerial personnel for the period April 1, 2013 to March 31, 2014.

The Central Government vide its letters dated November 2, 2015, permitted payment of 50% of the remuneration paid to Mr. K S Raju Chairman and Mr. K Rahul Raju Managing Director for the period April 1, 2014 to July 31, 2014, and directing the Company to recover the balance 50% from the concerned Managerial Personnel. The Company has recovered the remuneration from Mr. K S Raju and Mr. K Rahul Raju for the period April 1, 2014 to July 31, 2014 on March 30, 2016

Further, the applications for payment of managerial remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, for the period August 1, 2014 to July 31, 2017 has been approved by MCA.

APPOINTMENT OF THE DIRECTORS

Non-Executive Director

Mr. Chandra Pal Singh Yadav, Director of the company is liable to retire by rotation in-compliance with the requirement of Section 152 of the Companies Act, 2013 and being eligible offers himself for reappointment as Director.

Name of the Directors	Date of Birth	Last re-appointment Date	Qualification and Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Mr. Chandra Pal Singh Yadav	March 19, 1959	September 29, 2015	MSC, B.Ed, LLB	<ul style="list-style-type: none"> - Nagarjuna Oil Refinery Limited - Krishak Bharati Co-operative Limited - KRIBHCO Shyam Fertilizers Limited - National Coop. Union of India - Kribhco Infrastructure Ltd. - Continental Multimodal Terminals Ltd. - Bundelkhand Krishi Utpadan Vipanan Sehkari Samiti - National Agricultural Cooperative Marketing Federation (NAFED) - Co-operative Bank of India - Gramin Vikas Trust (GVT) - Krishco Gramin Vikas Sanstha - Kisan Bahudesiya Vipnan Sehkari Samiti Ltd. - The Anupama Coop. Veg. & Fruit Growers Mktg. Society Ltd. - National Coop. Consumer Federation of India Ltd. (NCCF) - National Federation of Urban Coop. Banks & Credit Societies (NAFCUB) - General Council of NCDC - National Film & Fine Arts Coop. Ltd. (NAFFAC) 	<ul style="list-style-type: none"> National Cooperative Union of India - Executive Committee Kribhco Shyam Fertilizers Limited - Remuneration Committee - Audit & Finance Committee National Agricultural Cooperative Mktg. Federation (NAFED) - Executive Committee

Independent Director

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, it is proposed to appoint Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors of the company not liable to retire by rotation upto the conclusion of the 15th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements)

The appointment is being placed before the members of the company at the 10th Annual General Meeting for their approval.

Name of the Directors	Date of Birth	Last re-appointment Date	Qualification and Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Mr. Uday Shankar Jha	June 16, 1950	August 6, 2016	MSc in Physics	-	-
Mr. C B Mouli	August 13, 1946	August 6, 2016	Chartered Accountant	Sify Technologies Limited	Sify Technologies Limited - Audit Committee

PERFORMANCE EVALUATION OF DIRECTORS AND CRITERIA FOR EVALUATION:

The Directors Report contains information in this regard.

DETAILS OF FAMILIARIZATION PROGRAMMES TO DIRECTORS

The Company as a practice ensures that all Directors are briefed on matters of the company on their induction into the Board of Directors of the company. The company also issues a Letter of Appointment in case of Independent Directors detailing their terms and conditions of appointment.

The Memorandum and Articles of Association of the company, copies of Annual Reports for the previous financial years, half year reports, organization structure, Company policies including Code of Conduct, Insider Trading Policy and Board Charter, Whistle Blower Policy etc. are provided to the directors at the time of induction.

The Board of Directors are also familiarized at regular intervals on any changes that takes place in the organization and also updations on statutory enactments effecting them as Directors or impacting the company.

REMUNERATION POLICY

The Nomination and Remuneration Policy has been adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance of Section 178 of the Companies Act, 2013 and the Erstwhile Listing Agreement entered into by the Company with Stock Exchanges (now SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015).

This Policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

RELATED PARTY TRANSACTIONS

The Directors Report contains information in this regard.

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors of the company have even before the notification by SEBI, been having informal meetings before every Board Meeting and discussing the issues impacting the company.

The Independent Directors met on February 4, 2016 and apart from other matters, connected to the operations and strategy of the Company evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

RETIREMENT POLICY OF THE DIRECTORS

The company does not have a Retirement Policy for the members of the Board of Directors of the company and complies with the provisions of the Companies Act, 2013 and (now SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015).

RESPONSIBILITIES OF THE DIRECTORS

Responsibilities of the Board

The primary role of the Board is that of trusteeship to protect and enhance shareholder value. As a trustee, the Board ensures that the company has clear goals and policies for achievement. The Board oversees the company's strategic direction, makes strategic intervention, reviews corporate performance, authorises and monitors strategic decision, ensures regulatory compliance and safeguards interests of stakeholders.

Responsibilities of the Chairman and Managing Director

The Board of Directors at their Meeting held on July 27, 2011 delegated powers to Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director to enable them to carry out the day-to-day operations of the company. The powers encompass all areas such as finance, personnel, legal, general and miscellaneous powers.

SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director do not hold any shares in the company as on March 31, 2016.

None of the Non-Executive Directors held shares in the company as on March 31, 2016.

CODE OF CONDUCT AND ETHICS

The company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code was circulated to all the members of the Board and Senior Management and the same has been put on the company's website www.nagarjunafertilizers.com.

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears as Annexure to the Corporate Governance report.

LEAD INDEPENDENT DIRECTOR

Dr. N. C. B. Nath, the Chairman of the Audit Committee of Board of Directors, is the Lead Independent Director. The Lead Independent Director on behalf of the Independent Directors provides structural feedback to the Board to encourage healthy discussions and openness among the Board members.

TRAINING FOR THE BOARD MEMBERS

As part of ongoing knowledge sharing, the Board of Directors are updated with relevant statutory amendments and landmark judicial pronouncements encompassing important laws such as Company law, SEBI Law, Income Tax Law, among others at meetings of the Board of Directors. The Board of Directors meet periodically with Senior Managerial Personnel and discuss areas of interest of the company.

The company, as a good governance practice, put in place a "Policy on Training of Board of Directors".

COMMITTEES TO THE BOARD

The Board of Directors constituted various committees with adequate delegation to focus on specific areas and take decisions so as to discharge the company's day-to-day affairs. Each committee is guided by its charter, which defines the composition, scope and powers of the committee. All decisions and recommendations of the committees are placed before the Board of Directors.

The Committees constituted by the Board as on date are:

1. SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee comprises of:

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member

The Committee met four times during the year 2015-16 on May 25, 2015, June 22, 2015, November 23, 2015 and December 28, 2015. The quorum is two members present in person.

Terms of reference:

Allotment of shares, debentures, securities, accept calls in advance and/or share capital not called up, approve/reject or otherwise deal with applications for transfer, transmission, transposition, mutation of shares and debentures, issue share and debenture certificates including duplicate, split, sub-divide or consolidated certificates and to deal with all related matters.

2. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee met four times during 2015-16.

The table below lists the members of the Committee and the various dates on which meetings were held and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		16-05-2015	23-07-2015	03-11-2015	04-02-2016
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. M. P. Radha Krishnan	Member	✓	✓	✓	✓
Mr. Shailendra Govind Nadkarni	Member	✓	-	-	✓

The quorum is two members present in person.

Terms of reference:

The matters that are considered necessary in relation to shareholders, debenture holders, investors and various other stakeholders of the company in relation to Transfer of shares, Non- receipt of declared dividends, Non-receipt of balance sheet, Complaints directly concerning the shareholders/ investors as stakeholders of the company but not limited to the above mentioned matters.

3. MANAGEMENT COMMITTEE

The Management Committee of Directors met four times during 2015-16 apart from considering matters through circulation.

The table below lists the members of the Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		16-05-2015	23-07-2015	03-11-2015	04-02-2016
Mr. K. S. Raju	Chairman	✓	✓	✓	✓
Dr N C B Nath	Member	✓	✓	✓	✓
Mr. S. R. Rama krishnan	Member	✓	✓	✓	✓
Mr. M. P. Radha krishnan	Member	✓	✓	✓	✓
Mr. K. Rahul Raju	Member	✓	✓	✓	✓
Mr. Shailendra Govind Nadkarni	Member	✓	X	X	✓

The quorum is two members present in person.

Terms of reference:

- To review the operations of the company from time to time and also formulate and review corporate objectives and strategies including long range plans for expansion/diversification of the company's activities.
- To formulate annual budgets/business plans for the company.
- To approve capital expenditure other than proposals for expansion, diversification, modernisation and de-bottlenecking, including Research Projects and R&D division and investment in immovable property, above ₹ 5 crores upto ₹ 10 crores per proposal, excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
- To approve revenue expenditure above ₹ 5 crores upto ₹ 10 crores in case of procurements on a single tender basis or above ₹ 10 crores upto ₹ 15 crores on multi-tender basis excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
- To make donations/contributions to charitable and other funds other than to any political party or for political purposes upto an aggregate amount of ₹ 10 lakhs in any financial year.
- To lay down and review from time to time the company's employment policy.

4. AUDIT COMMITTEE

The Audit Committee of Directors comprises well-qualified and Independent Directors. All the members of the Committee possess adequate knowledge of finance and accounts. The scope of the activities of the Committee are in conformity with Regulation 18 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 177(4) of the Companies Act, 2013.

The table lists the members of the Audit Committee and the various dates on which meetings were held and the attendance particulars.

Name of the Member	Category	Dates of Audit Committee Meeting and attendance particulars			
		16-05-2015	23-07-2015	03-11-2015	04-02-2016
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. S. R. Rama krishnan	Member	✓	✓	✓	✓
Mr. K. S. Raju	Member	✓	✓	✓	✓
Smt. Lalitha Raghuram	Member	-	X	X	X
Mr. Arjun Kumar Arora*	Member	-	-	-	✓

* Appointed as a Member w.e.f February 4, 2016 and ceased to be a member w.e.f June 17, 2016.

The Company Secretary of the company functions as Secretary to the Committee.

The Statutory Auditors, the Cost Auditor, the Head-Internal Audit and such other executives as the committee considers appropriate are present as invitees for the Meetings of the Audit Committee.

The quorum is two independent members present in person.

The quorum for the Audit Committee is two members or 1/3rd of the strength of the Audit Committee, whichever is higher with atleast two independent directors present at the meeting.

Terms of Reference

- Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment remuneration and terms of appointment of auditors of the company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the

report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter

- g. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- h. Approval or any subsequent modification of transactions of the company with related parties.
- i. Scrutiny of inter-corporate loans and investments.
- j. Valuation of undertakings or assets of the company, wherever it is necessary.
- k. Evaluation of internal financial controls and risk management systems.
- l. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors any significant findings and follow up thereon.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.
- s. To approve the appointment of CFO / Whole time Finance Director.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u. To consider and commend to the Board appointment of Cost Auditor of the company.

REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2016

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.
- c. The Audit Committee noted the Audit Report, the view of the Auditee and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the course of the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the

Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.

- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee is recommending to the Board the ratification of the appointment of M/s. M Bhaskara Rao & Co., Chartered Accountants as statutory auditors of the Company for the Financial Year 2016-17. M/s M Bhaskara Rao & Co., have been appointed as Statutory Auditors of the Company, to carry out audit of the accounts of the Company for a term of five years commencing from the conclusion of 8th Annual General Meeting to the conclusion of 13th Annual General Meeting subject to ratification at every Annual General Meeting. M/s. M Bhaskara Rao & Co., have confirmed their eligibility under Section 141 of the Companies Act, 2013.
- i. M/s. M Bhaskara Rao & Co., have also confirmed that they have a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as per the requirements of Regulation 33 (1) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- j. The Committee is recommending to the Board, the reappointment of Mr. Dantu Mitra as Cost Accountant of the Company, for the financial year 2016-17.
- k. Mr. Dantu Mitra vide his letter dated March 21, 2016 has confirmed that:
 - a. He is eligible to be appointed as Cost Auditor of the Company pursuant to Section 141 of the Companies Act, 2013.
 - b. He holds a valid certificate of practice.
 - c. He is not disqualified under any of the provisions of Section 148 of the Companies Act, 2013 and he has further stated that he is having an independent (Sole Proprietor) Practice as a Cost Accountant and has an arm's length relationship with the Company.

Hyderabad

May 12, 2016

Chairman, Audit Committee

5. BANKING COMMITTEE

The Banking Committee of Directors met seventeen times during 2016-17 on April 17, 2015, June 26, 2015, August 6, 2015, August 21, 2015, August 26, 2015, September 19, 2015, September 28, 2015, September 29, 2015, November 3, 2015, November 5, 2015, December 9, 2015, December 18, 2015, December 28, 2015, January 27, 2016, February 5, 2016, March 23, 2016 and March 31, 2016.

The Banking Committee comprises of

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member

The quorum is two members present in person.

Terms of reference:

Availment of fund-based and non-fund-based credit facilities by the company from financial institutions and banks as per the limits delegated by the Board of Directors of the Company.

6. INVESTMENT COMMITTEE

The committee has not met during the year under review 2015-16.

The Investment Committee comprises:

Name of the Member	Category
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member
Mr. M. P. Radhakrishnan	Member

The quorum is two members present in person.

Terms of reference:

1. Investment of surplus funds in units, discounting of LC backed bills, clean bill discounting, inter-corporate deposits and investment in shares.

2. To disinvest or pledge the securities such as shares, debentures, government bonds, among others, held by the company in its name from time to time and do all such acts, deeds and things that are necessary in this regard.

7. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted by the Board of Directors in compliance with Section 178(1) of the Companies Act, 2013 and Clause 49 of the Erstwhile Listing Agreement entered into with the Stock Exchanges. The scope of the activities of the Committee are in conformity with Regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee of Directors met four times during 2015-16.

The table below lists the members of the Nomination and Remuneration Committee and the various dates of meetings and their attendance particulars

Name of the Member	Category	Dates of Meeting and attendance particulars			
		15-05-2015	22-07-2015	02-11-2015	04-02-2016
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. K. S. Raju	Member	X	✓	✓	✓
Mr. S. R. Rama krishnan	Member	✓	✓	✓	✓
Mr. M.P. Radha Krishnan	Member	✓	✓	✓	✓

Terms of Reference:

- 1) Formulate and recommend to the Board a Remuneration Policy, relating to the remuneration for the directors, key managerial personnel and other employees and review/ modify the same from time to time
- 2) Formulate criteria for determining qualifications, positive attributes and independence of a director and review/ modify the same from time to time
- 3) Identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
- 4) Carry out evaluation of every director's performance.
- 5) Devising a policy on Board diversity.
- 6) To select, retain and terminate the services of any consultant who shall assist the Committee in discharging its functions.

8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of Directors met four times during 2015-16.

The table below lists the members of the Corporate Social Responsibility Committee and the various dates of meetings and their attendance particulars

Name of the Member	Category	Dates of Meeting and attendance particulars			
		16-05-2015	23-07-2015	02-11-2015	04-02-2016
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. K. S. Raju	Member	✓	✓	✓	✓
Mr. K. Rahul Raju	Member	✓	✓	X	✓

The quorum is two members present in person.

The terms of reference:-

- 1) To formulate and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013
- 2) To recommend the amount of expenditure to be incurred
- 3) To institute a transparent monitoring mechanism for the implementation of the Policy from time to time.

9. RISK MANAGEMENT COMMITTEE

The Board of Directors of the company in accordance with the with Clause 49 of the Erstwhile Listing Agreement entered into with the Stock Exchanges had constituted a Risk Management Committee of the Board of Directors on May 29, 2014. The scope of the activities of the Committee are in conformity with Regulation 21 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Risk Management Committee of Directors met four times during 2015-16.

The table below lists the members of the Risk Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		16-05-2015	23-07-2015	03-11-2015	04-02-2016
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. S. R. Rama krishnan	Member	✓	✓	✓	✓
Mr. M.P. Radha Krishnan	Member	✓	✓	✓	✓
Mr. Shailendra Govind Nadkrani	Member	✓	X	X	✓
Mr. Arjun Kumar Arora*	Member	—	—	—	✓
Mr. K S Raju	Member	✓	✓	✓	✓
Mr. K Rahul Raju	Member	✓	✓	✓	✓

* Appointed as Member wef February 4, 2016 and ceased to be a Member wef June 17, 2016.

The Chief Risk Officer of the Company and the Compliance Officer attend all the meetings of the Risk Management Committee.

The terms of reference of the Committee are as follows:

- a. To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the company.
- b. Framing, Implementing and monitoring the risk management plan of the company and such other functions as delegated by the Board from time to time.

10. ASSET SALE COMMITTEE

The Board of Directors of the company had constituted an Asset Sale Committee of the Board of Directors on July 23, 2015.

The table below lists the members of the Asset Sale Committee

Name of the Member	Category
Mr. M. P. Radhakrishnan	Member
Mr. Shailendra Govind Nadkrani	Member
Mr. Yogesh Rastogi *	Member
Mr. Anil Kumar PR **	Member
Mr. K S Raju	Member
Mr. K Rahul Raju	Member

* ceased to be a Member with effect from July 28, 2015

** appointed as a Member with effect from July 28, 2015

The quorum is two members present including one Institutional Nominee present.

The terms of reference of the Committee are as follows:

To monitor the progress in asset monetization by sale of various assets considered non-performing.

REMUNERATION POLICY:

The remuneration paid to Executive Directors is considered and recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, keeping in view the provisions of Companies Act, 2013. The approval of the Board of Directors is subject to the approval by the shareholders and such other authorities, as the case may be.

RISK ASSESSMENT AND MINIMISATION PROCEDURE

The company formulated an Enterprise Risk Management System to manage and mitigate unforeseen risks. The implementation of this system is through the Risk Management Steering Committee. The Committee is supported at the plant by the Plant Risk Management Committee and at the corporate office by Corporate Risk Management Committee.

The Committee at an early stage identifies, manages and responds to critical, cautionary and manageable risks in a systematic manner. To actively involve and inculcate the risk management right down the organization, 'Risk Owners and Risk Champions' were appointed for each department. Board members periodically review existing/new risks and action plans formulated to mitigate the risks.

C. MANAGEMENT

The management identifies, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operation. The company developed and implemented policies, procedures and practices that attempt to translate the company's core purpose and mission into a reality.

All these policies, procedures and practices are elaborated hereunder:

a. Policy on Corporate Governance

The company always makes conscious efforts to inculcate best global Corporate Governance practices and goes beyond adherence to regulatory framework.

The company towards its commitment to trusteeship, transparency, accountability and equality in all its dealings and to maintain positive bonding has put in place a 'Policy of Corporate Governance'.

b. Policy on Corporate Social Responsibility (CSR)

The company's dedicated philosophy of "Serving Society Through Industry" is envisaged through the above policy.

At Nagarjuna, CSR is an initiative to "create new value" to economic, environmental and social issues and is intended to identify your company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

c. Policy on Vendor's Grievances

To ensure consistent smooth and timely supply of quality material and services at economically viable and competitive prices from various vendors, without any grievances, the Policy on Vendors' Grievances is adopted.

d. Policy on Supply Chain

Your company, being the largest manufacturer and marketer of agri inputs in South India, introduced a 'Policy on Supply Chain', to ensure quality products are delivered on time to end customers through a network of suppliers.

e. Prohibition of Insider Trading

The company had implemented a Policy prohibiting Insider Trading in conformity with regulations of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and now is aligned the Insider Trading to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Necessary procedures have been laid for insiders identified from time to time, prohibiting trading in the securities of the company, based on unpublished price sensitive information.

f. Policy on Succession Planning

Your company has put in place a policy on succession planning, which is an ongoing process that identifies necessary competencies, and then works to assess, develop, and retain a talent pool of associates, in order to ensure a continuity of leadership for all critical positions.

g. Policy on Employee Participation in Management (EPM)

Your company framed a mechanism where the associates have an involvement and ownership in the decision making process of the organisation. The purpose of EPM is to increase production and productivity, evaluate costs, develop personnel, expand markets and risk management.

h. Whistle Blower Policy/ Vigil Mechanism

The company formulated a policy in compliance with Clause 49 of Erstwhile Listing Agreement. The same is in conformity with the now Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177(9) of the Companies Act, 2013. The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee.

No personnel of the company were denied access to the Audit Committee.

i. Legal Compliance Policy

The company has a Legal Compliance Policy for duly complying with central, state and local laws and regulations to achieve and maintain high business standards and benchmark the internal legal practices against international standards.

The company uses an IT-enabled company specific Legal Compliance Management System known as "nSure" to ensure legal and

regulatory compliances of various central, state and local statutes applicable across the company.

The system provides for tracking, monitoring and compliance at one point of control.

j. Policy on Conflict Management

The company adopted a Policy on Conflict Management, which aims to resolve conflicts, at the lowest possible level, using procedures that address and respect the needs, interest and rights of associates in a fair and efficient manner. This is attained through the use of both, formal and informal conflict management processes. These tools are effectively coordinated through the Conflict Management System (CMS).

k. Policy on Training for Board of Directors

At Nagarjuna, we strongly believe in continuous learning. The policy ensures that the Board of Directors, being at the highest level in the organisation structure, too require training and development, to update themselves and provide best services to the company. The training requirements of Directors vary in view of their nature of nomination on the Board and their training needs are structured accordingly.

l. Policy on Induction of Directors

The policy places the responsibility on the Chairman of the Board to ensure that all new Board members are briefed and have access to all aspects of the company's operations. The new Directors are briefed on several matters like, duties and powers of Directors, special duties or arrangements attaching to the position, requirement to disclose Directors interest, confidentiality and right to access company information, among others. Additionally, new Directors are provided with other information like the company's constitution, policies, organization structure and other relevant information.

m. Board Charter

This Charter sets out the role, structure, responsibilities and operations of the Board of the Company and its delegation of authority to the management.

The Charter sets out the role of the Board as a Trustee of the stakeholders and the company, who provides strategic direction, review corporate performance, authorise and monitor strategic decisions, ensure regulatory compliances and safeguard their interest.

n. Forex Risk Management Policy

The company constituted a Forex Risk Committee to achieve the specific objectives of managing treasury risks within the company's strategic approach towards business and risk management.

The company has drawn up a Forex Risk Management Policy with the objectives of forex risk management, the risk management organisation structure, the benchmarks to measure performance, operational processes to identify, measure, monitor and manage forex risks, appropriate control parameters and MIS. The minutes of the Forex Risk Committee are reviewed by the Board of Directors at every Board meeting.

o. Policy on Corporate Sustainability

At Nagarjuna, the environmental and community responsibility extends beyond the narrow confines of compliance with statutorily-stipulated standards and aims to maintain long term harmony.

p. Policy on Sexual Harassment at workplace

Policy on Sexual harassment at the work place has been framed to be in line with The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act 2013 and The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Rules 2013.

Any form of sexual harassment is unacceptable and therefore this policy is being framed to prohibit, prevent or deter the commission of acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment.

The Company has not received any complaint alleging sexual harassment during the year 2015-16.

q. Policy on Related Party Transactions

The Company has formulated a Policy on Materiality of Related Party Transactions In compliance with Clause 49 of the Erstwhile Listing Agreement. The same is in conformity with the now Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The company to the extent possible does ensure that there are no related party transaction and if entered into due to exigencies and in the event entered into, shall enter into the transaction as if entered into between unrelated parties and at arm's length basis.

No Related Party Transaction is entered into by the Company, except in accordance with the provisions of this Policy.

r. Policy on Board Evaluation

The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Directors involvement in decision making in the Board.

s. Policy on Nomination and Remuneration Policy

This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees

t. Policy for determining Material Subsidiaries

The Policy for determining Material Subsidiaries pursuant to Clause 49 of the Erstwhile Listing Agreement {now Regulation 16 (c) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}, determines the criteria for classifying a subsidiary as 'Material' in accordance with the provisions of this Policy.

u. Policy for preservation and archival of documents

The Policy sets out the standard for classifying, managing and storing of records of the Company and establishes a framework for effective record management and the process for subsequent archival of such records

v. Policy on Disclosure of Material Events

The Policy is drawn in accordance with Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations) which states that every company listed on the stock exchange shall make disclosures of any events or information which, in the opinion of the Board of Directors of the listed company, is material.

MANAGEMENT DISCUSSION AND ANALYSIS

The Annual Report has a detailed chapter on Management Discussion and Analysis.

MANAGEMENT DISCLOSURES

Directors and Senior Management Personnel of the company, as well as certain identified key associates make half yearly disclosures to the Board relating to all material, financial and commercial transactions where they have interest, conflicting with the interest of the company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

D. STAKEHOLDERS

DISSEMINATION OF INFORMATION

The company established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the company, including the quarterly results, can be viewed on the company's website www.nagarjunafertilizers.com.

The quarterly and annual results of the company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and published in widely circulated English newspapers and in vernacular newspapers.

Quarterly results sent electronically

The company has proactively requested the shareholders to inform their email IDs. As an investor-friendly measure, the unaudited quarterly financial results and audited financial results for the year ended March 31, 2016 of the Company, were emailed in addition to being published in newspapers.

The company uses this channel of communication extensively to carry out substantial correspondence with the shareholders to reduce costs while maintaining reach to the shareholders. Shareholders, who have not yet registered their email IDs, may immediately do so at investors@nagarjunagroup.com

BSE/NEAPS facility

The Company has commenced filing information to the Stock Exchanges through BSE Listing website - www.listing.bseindia.com and NEAPS website - www.connect2nse.com pursuant to commencement of Trading of its equity shares on the Stock Exchanges

Investor Grievance Redressal

The company has 473746 shareholders as on March 31, 2016.

The table below lists the details of shareholder's or depositor's queries/complaints/requests received and resolved during 2015-16.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	126	126	0
Revalidation of dividend warrants	0	510	510	0
Share transfers	0	0	0	0
Demat / Remat of Shares	0	0	0	0
Issue of duplicate certificates	0	13	13	0
Transmission of shares *	587	68	0	655
General queries	0	3247	3247	0

* - The equity shares of the Company commenced trading on the Bombay Stock Exchange and National Stock Exchange of India Limited with effect from June 15, 2016.

On commencement of trading from June 15, 2016, the pending request for transmissions have since been cleared.

SHARE TRANSFER SYSTEM

The company's transfer of shares is fully computerized.

The dematerialized shares are directly transferred to the beneficiaries account by the depositories.

Remote E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Company is providing remote e-voting facility of casting votes using an electronic voting system from a place other than venue of the General Meeting and voting at the General Meeting through Ballot form on all the resolutions set forth in the Notice to the 10th Annual General Meeting to be held on Friday i.e., September 30, 2016 at 10.00 AM. The company shall also provide shareholders to cast their votes at the venue of the AGM. The company has engaged the services of Central Depository Services (India) Limited to provide remote e-voting platform to the shareholders.

Please refer to the detailed instructions on remote e-voting at page no. 105 of the Annual Report

Shareholders holding shares in demat form and shareholders who have registered their email id with the company will also receive the remote e-voting instructions by email.

Shareholders who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before closing of business hours of September 29, 2016.

Compliance Officer

Mr. M. Ramakanth, Company Secretary of the company is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Listing Obligation and Disclosures Requirements) Regulations 2015.

Share Transfer Agents

The company has been functioning as Category II Share Transfer Agent (in-house) pursuant to the Securities and Exchange Board of India (SEBI) approval to the company.

Nomination facility

Shareholders holding physical shares may file nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules 2014 to the company. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

Dematerialization of shares and liquidity

The shares of the company are under the category of compulsory delivery in dematerialized mode by all categories of investors.

The company signed agreements with both the depositories, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2016, 90.91 % of the shares of the company are held in electronic mode.

The status of the company's equity shares is furnished below:

Total No. of equity shares	: 59,80,65,003
Total No. of shareholders as on March 31, 2016	: 4,73,746

The table below shows the status of the equity shares of the company as on March 31, 2016:

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Shareholders	% to Total Shareholders
Physical form	5,43,67,180	9.09%	2,05,764	43.43%
Held in electronic mode	54,36,97,823	90.91%	2,67,982	56.57%
Total	59,80,65,003	100.00%	4,73,746	100.00%

The company's ISIN No. for dematerialization for both NSDL and CDSL is INE454M01024

RECONCILIATION OF SHARE CAPITAL AUDIT

In terms of Regulation 55 A(1) of SEBI (Depositories and Participants) Regulations, 1996 a Practicing Company Secretary of the Institute of Company Secretaries of India has carried out the Reconciliation of Share Capital Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2016

Share Holding	Share Holders		Share Holding	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	4,70,413	99.30	13,98,54,307	23.38
5001 – 10000	1,898	0.40	1,25,15,906	2.09
10001 – 20000	806	0.17	1,07,28,024	1.79
20001 – 30000	204	0.04	49,42,807	0.83
30001 – 40000	103	0.02	35,48,292	0.59
40001 – 50000	62	0.01	28,01,988	0.47
50001 – 100000	146	0.03	99,26,902	1.66
100001 and Above	114	0.02	41,37,46,777	69.18
TOTAL	4,73,746	100.00	59,80,65,003	100.00

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2016

Category	No. of shares held	% of shareholding
A. Promoter's holding	34,17,00,062	57.13
B. Non-promoters holding		
I. Institutional investors		
a. Mutual funds and UTI	11,73,425	0.20
b. Banks, financial institutions, insurance companies (Central /State government institutions/ non-government institutions)	89,33,409	1.49
c. Foreign Institutional Investors	1,00,82,944	1.69
II. Others		
a. Private corporate bodies	5,74,31,654	9.60
b. Indian public	17,28,19,586	28.90
c. NRIs/OCBs	57,76,991	0.97
d. Any other (please specify)-Trusts	1,46,932	0.02
GRAND TOTAL	59,80,65,003	100.00

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2016

S. No.	Name of the Company	%
Core Promoters		
1	Amlika Mercantile Private Limited @	49.5%
Co-Promoters		
1	Governor of Andhra Pradesh	3.58%
2	KRIBHCO	1.84%
3	Fireseed Limited	1.47%
Others - Private Corporate Bodies		
1	Zuari Global Limited	5.40%

@ Please refer Note Point IV (ii) of Annexure VI of the Directors Report

LIST OF PROMOTER COMPANIES OF THE NAGARJUNA GROUP

Core Promoters

1. Amlika Mercantile Private Limited

Co-Promoters

1. Fireseed Limited
2. Government of Andhra Pradesh
3. Krishak Bharati Co-operative Limited
4. Saipem S.p.A. (formerly Snamprogetti S.p.A)

RESTRUCTURING

The equity shares of the Company which had been frozen consequent to the approval of the the Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited (KFL), Iksan Limited (Iksan), Nagarjuna Fertilizers and Chemicals Limited (NFCL) and Nagarjuna Oil Refinery Limited (NORL) (Composite Scheme) by the Hon'ble High Court of Bombay at Mumbai on June 17, 2011 and by the Hon'ble High Court of Andhra Pradesh at Hyderabad on June 27, 2011 has now commenced Trading with effect from June 15, 2016.

The delay in the commencement of trading of the equity shares was in view of an application filed by SEBI in the High Court of Bombay at Mumbai to recall / review the Order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The application was heard by the Hon'ble High Court of Bombay at Mumbai and the Hon'ble Court dismissed the application filed by SEBI on September 10, 2015 with costs.

SEBI had filed an appeal before the Division Bench in the High Court of Bombay against the Order of the Single Judge and at the hearing on February 29, 2016 informed the Hon'ble High Court of Bombay that vide letter dated February 4, 2016 addressed to Bombay Stock Exchange Ltd, SEBI has granted relaxation to the company from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions while at same time requesting the Court that SEBI would continue to maintain the Appeal.

The Company, in view of the prolonged delay by SEBI, had also filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

SAT on October 30, 2015 had directed SEBI to pass Orders in relation to the application of the company for seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957. SEBI had filed a Civil Appeal in the Supreme Court of India which on January 22, 2016 dismissed the Civil Appeal filed by SEBI against the Order of SAT.

SEBI had sought two weeks time from the Supreme Court of India to pass Orders on the application of the company seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957 and the same has been granted.

The Bombay Stock Exchange and The National Stock Exchange of India Limited commenced trading of the equity shares of the company effective from June 15, 2016 with Scrip Code 539917 and NAGAFERT respectively consequent to the relaxation granted by SEBI vide letter dated February 4, 2016 under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957.

GENERAL BODY MEETINGS

The Ninth Annual General Meeting of the company was held on September 29, 2015, at Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

Mr. K S Raju, Chairman, Chaired the meeting.

The table lists the details of the previous three Annual and Extra-Ordinary General Body Meetings and the Special Resolutions passed.

LAST 3 ANNUAL / EXTRA-ORDINARY GENERAL MEETING

No. of AGM	Date & Time	Location	Special Resolution(s) passed
ANNUAL GENERAL MEETING			
7th AGM 2012-2013	November 29, 2013 at 09.00 a.m	Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> Alteration of Articles of Association by inserting provision relating to Buy Back of Shares of the company. Alteration of Articles of Association by substituting existing Article 136 with the new provision. Alteration of Articles of Association relating to Authorized Share Capital of the company by substituting the existing Article 5(1) with the new provision relating to the increase in the authorized share capital of the company.
8th AGM 2013-2014	September 26, 2014 at 10.00 a.m	Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2013 to March 31, 2014 Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the financial year April 1, 2013 to March 31, 2014 Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2014 to July 31, 2014 Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the period April 1, 2014 to July 31, 2014 Appointment of Mr. K. S. Raju as a Director and Chairman for a period of 3 years with effect from August 1, 2014 and payment of remuneration Appointment of Mr. K. Rahul Raju as a Managing Director for a period of 3 years with effect from August 1, 2014 and payment of remuneration Contribution not exceeding Rs. 2 Crores to Nagarjuna Foundation for undertaking CSR activities on behalf of the Company.
9th AGM 2014-2015	September 29, 2015 at 10.00 a.m	Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> Appointment of Ms. Lalitha Raghuram as Independent Director on the Board of the company Appointment of Mr. D Ranga Raju as Independent Director on the Board of the company Appointment of Mr. Dantu Mitra as Cost Auditor of the company for the year 2015-2016 Contribution not exceeding Rs. 2 crores to Nagarjuna Foundation for undertaking CSR Activates on behalf of the Company Borrowings money not exceeding Rs. 7500 crores and approval for creation of mortgages, charges and hypothecation to secure borrowings in accordance with
EXTRA ORDINARY GENERAL MEETING			
EGM 2011-12	February 25, 2011 at 2.30 PM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> Cancellation of existing capital of Rs. 5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956. Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.

No. of AGM	Date & Time	Location	Special Resolution(s) passed
EGM 2011-12	August 19, 2011 at 9.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> Change of Name of the Company from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited as per Section 21 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai Alteration of Articles of Association of the Company pursuant to the provisions of Section 31 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai
EGM 2011-12	September 12, 2011 at 9.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> Alteration of Articles of Association as per Section 31 of the Companies Act, 1956. Contribution of sum not exceeding Rs. 1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956

LAST THREE ANNUAL / EXTRA-ORDINARY GENERAL MEETINGS

DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS

The company has not raised any funds from the public.

The company has not issued any GDRs/ADRs.

MONEYS REMAINING UNCLAIMED WITH THE COMPANY

There are no unclaimed fixed deposits, unclaimed deposits and interest on deposits.

There are unclaimed dividends and the same shall be transferred to Investor Education and Protection Fund as and when due for transfer.

DISCLOSURES

Compliance with mandatory requirements of the Listing Agreement

a. Related party transactions:

Names of related parties and description of relationship.

Subsidiaries

- Jaiprakash Engineering and Steel Company Limited
- Nagarjuna Industrial Services and Investments Private Limited
(formerly Nagarjuna Mauritius Private Limited)

Step down Subsidiaries

- Spawnt Private S.a.r.l, Luxembourg

Associates

- Nagarjuna Agricultural Research and Development Institute
- KVK Raju International Leadership Academy

Key Managerial Personnel

- Mr. K S Raju, Chairman
- Mr. K Rahul Raju, Managing Director

Relatives of Key Managerial Personnel

- Ms. K Lakshmi Raju (Daughter of Mr. K S Raju & Sister of Mr. K Rahul Raju)
- Ms. K Lakshmi Raju (Sister of Mr. K S Raju)

Enterprises able to exercise significant influence

- Amlika Mercantile Private Limited

Enterprises significantly influenced by KMP or their relatives

- Nagarjuna Agrichem Limited
- Nagarjuna Oil Refinery Limited
- Nagarjuna Impex Private Limited
- Nagarjuna Foundation

Related party transactions during the year ended March 31, 2016 are as under:

(₹ in Lakhs)				
Nature of transaction	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises significantly influenced by Key Management Personnel or their relatives
Advances given				
Nagarjuna Industrial Services and Investments Private Limited	37.55 (636.54)	- -	- -	- -
Nagarjuna Oil Refinery Limited	- -	- -	- -	239.60 (492.39)
Interest income				
Nagarjuna Industrial Services and Investments Private Limited	0.43 -	- -	- -	- -
Remuneration				
Shri K S Raju	- -	71.18 (69.16)	- -	- -

Nature of transaction	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises significantly influenced by Key Management Personnel or their relatives
Shri K Rahul Raju	- -	70.06 (69.16)	- -	- -
Recovery of remuneration				
Shri K S Raju	- -	8.79 -	- -	- -
Shri K Rahul Raju	- -	8.14 -	- -	- -
Provision for diminution in the value of investment				
Nagarjuna Industrial Services and Investments Private Limited	352.24 (2,678.14)	- -	- -	- -
Jaiprakash Engineering and Steel Company Limited	460.00 -	- -	- -	- -
Rent paid				
Shri K Rahul Raju	- -	589.11 (553.39)	- -	- -
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	- -	- -	- (19.32)	- -
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	- -	- -	30.07 (29.66)	- -
Nagarjuna Impex Private Limited	- -	- -	- -	20.53 (20.24)
Nagarjuna Agrichem Limited	- -	- -	- -	6.00 (6.74)
Corporate Social responsibility (Donation)				
Nagarjuna Foundation	- -	- -	- -	73.75 (80.00)

Note: Figures in brackets represent previous year transactions.

b. Disclosure of accounting treatment

In the preparation of financial statements, the company followed the Accounting Standards issued by the Institute of Chartered Accountants of India

c. Proceeds from the preferential issue of warrants

Not applicable

d. Certifications:

- The Managing Director and Chief Financial Officer, certify every quarter that the unaudited financial results of the company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.
- A certificate as stipulated by Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is signed by Managing Director and Chief Financial Officer certifying the correctness of the year end financial statements and cash flow statement, responsibility for internal controls and indication of changes in the internal control and accounting policies appears in the Annexure to this report.
- A certificate as mandated by SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 signed by Managing Director and Company Secretary certifying the compliance of Code of Conduct and ethics appears in the annexure to this report

- e. There were no penalties, strictures imposed on the company by stock exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matter related to capital markets during the last three years.

Compliance with Mandatory Requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Your company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 except to the extent of appointment of Independent Director.

A certificate from Practicing Company Secretary on Corporate Governance, has been obtained and the same is appearing as an Annexure to the Report.

The table shows the Compliance Report status as on March 31, 2016

Particulars	Regulation Number	Compliance Status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	No. The total strength of the Board is 12 consisting of 2 Executive Directors including the Chairman, 5 Independent Directors and 5 Nominee Directors. The company is in the process of identifying 1 Independent Director for appointment to the Board to comply with the provisions

Particulars	Regulation Number	Compliance Status (Yes/No/NA)
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information Compliance Certificate	17(7)	Yes
Risk Assessment & Management	17(8)	Yes
Performance Evaluation of Independent Directors	17(9)	Yes
Composition of Audit Committee	17(10)	Yes
Meeting of Audit Committee	18(1)	Yes
Composition of nomination & remuneration committee	18(2)	Yes
Composition of Stakeholder Relationship Committee	19(1) & (2)	Yes
Composition and role of risk management committee	20(1) & (2)	Yes
Vigil Mechanism	21(1),(2), (3),(4)	Yes
Policy for related party Transaction	22	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(1),(5), (6),(7) & (8)	Yes
Approval for material related party transactions	23(2), (3)	Yes
Composition of Board of Directors of unlisted material Subsidiary	23(4)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(1)	NA
Maximum Directorship & Tenure	24(2),(3), (4),(5) & (6)	Yes
Meeting of Independent Directors	25(1) & (2)	Yes
Familiarization of Independent Directors	25(3) & (4)	Yes
Memberships in Committees	25(7)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(1)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(3)	Yes
Policy with respect to Obligations of Directors and senior management	26(4)	Yes
	26(2) & 26(5)	Yes

Discretionary Requirements

Non-Executive Chairman may be entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.	Not Applicable
A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	The Un-audited Financial Results for the half year is sent to all shareholders who have provided their e-mail id's
The listed entity may move towards a regime of financial statements with unmodified audit opinion.	Yes
The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer	There is a separate Chairman and Managing Director in the Company
The Internal auditor may report directly to the Audit Committee.	The Internal Auditor has direct access to Audit committee

OTHER COMPLIANCES

Your company, in recent years, undertook a series of initiatives, going beyond regulatory requirements, to ensure excellence in governance and to promote the interests of all stakeholders.

Secretarial Standards of Institute of Company Secretaries of India (ICSI)

The Company has, consequent to ICSI notifying Secretarial Standards 1 and 2 with effect from July 1, 2015 been in compliance of the same.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has not received any complaints alleging sexual harassment during the financial year 2015-16.

GENERAL SHAREHOLDERS INFORMATION

10 th Annual General Meeting Day, Date, Time and Venue	Friday, 30 th day of September, 2016 at 10.00 A.M.Sri Satya Sai Nigamagmam, Srinagar Colony, Hyderabad
Dates of Book Closure	September 23, 2016 to September 30, 2016 (both days inclusive)
Registered Office	D.No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
Plant Location	The Company has two urea and one customised fertilizer plants located at Kakinada in Andhra Pradesh and micro-irrigation system manufacturing facilities at Nacharam and Sadashivpet in Telangana and Halol in Gujarat
Compliance Officer	Mr. M Ramakanth , Sr. Vice President – Legal & Company Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
Share Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: +91-40-23358405 Email: Investors@nagarjunagroup.com
Dividend history for the last five years	The Company has declared a dividend of Re. 1/- per share to the equity shareholders of the Company for the year ended March 31, 2012. No dividend was declared in the years 2012-13, 2013-14 and 2014-15.
Tentative dates for considering Financial Results	Quarter ending June 30, 2016 - 3 rd week of July 2016 Quarter ending September 30, 2016 - 3 rd week of October 2016 Quarter ending December 31, 2016 - 3 rd week of January 2017 For the year ending March 31, 2017 - 4 th week of April 2017
Listing on Stock Exchanges	The Bombay Stock Exchange, Corporate Relationship Department, 1st Floor, New Trading Ring, Routunda Building, PJ Towers, Dalal Street, Fort Mumbai -400 001 SCRIP Code - 539917 National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051 SCRIP Code - NAGAFERT
Listing fee	The Company has paid the listing fees to The Bombay Stock Exchange, Mumbai and The National Stock Exchange of India Limited, Mumbai.
ISIN No	INE454M01024 for NSDL and CDSL.
CIN No.	L24129AP2006PLC076238

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, K Rahul Raju, Managing Director and Sudhir Bhansali, Chief Financial Officer, of Nagarjuna Fertilizers and Chemicals Limited, to the best of our knowledge and belief certify that :

- We have reviewed the Balance Sheet and Statement of Profit and Loss of the company for the year ended March 31, 2016 and all its schedules and notes on accounts, as well as the Cash Flow Statement.
- Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made.
- Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of and for, the periods presented in this report and are in compliance with the existing accounting standards and / or applicable laws and regulations.
- To the best of our knowledge and information:
 - these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading.
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the company, which are fraudulent or illegal.
- The company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the company's internal controls and procedures and confirm them to be adequate.
- The company's other certifying officers and we have disclosed, based on our most recent evaluation of internal controls and systems and have to state
 - That there were no deficiencies in the design or operation of internal controls, which we are aware;
 - That there have been adequate internal controls in the company.
 - That there was no fraud, which we have become aware of and that involves Management or other employees who have a significant role in the company's internal control systems;
 - That there were no changes in accounting policies during the year.

Hyderabad May 12, 2016	K Rahul Raju Managing Director	Sudhir Bhansali Chief Financial Officer
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DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS

This is to inform you that the Company adopted a Code of Conduct and Ethics applicable to all the Members of the Board of Directors and Senior Management Personnel of the Company. The details of the Code of Conduct and Ethics are available at the Company's website at www.nagarjunafertilizers.com.

We confirm that the Company has in respect of the financial year ended March 31, 2016 received from all the Members of the Board of Directors and all the Senior Management Personnel of the Company a declaration of compliance with the Code of Conduct and Ethics as applicable to them.

Senior Management Personnel are personnel who are a part of the core management team, comprising personnel one level below the executive directors and including all functional heads as on March 31, 2016.

Hyderabad May 12, 2016	M Ramakanth Company Secretary	K Rahul Raju Managing Director
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CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Nagarjuna Fertilizers and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by **Nagarjuna Fertilizers and Chemicals Limited** for the year ended on 31st March, 2016, as stipulated in Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 of the said Company.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Company Secretaries of India and has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management that there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the company at large, as stated under Disclosures Column of the Company's Report on Corporate Governance.

Sl. Particulars

- Furthermore, we are of the opinion that the provisions of the Corporate Governance in relation to Managerial Remuneration have been complied with (a) in relation to obtaining the approval for waiver for excess remuneration paid to managerial personnel for FY 2013-2014 (b) in recovering 50% of excess remuneration paid to managerial personnel and as permitted by the Government between 1-4-2014 to 31-07-2014 (c) in relation to the excess remuneration proposed to managerial person between 1-8-2014 to 31-7-2017 and the necessary applications has been approved.
- Furthermore, under the Securities Contracts (Regulation) Act, 1956, I report that:
 - The Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited, Nagarjuna Fertilizers and Chemicals Limited; Nagarjuna Oil Refinery Limited and Iksan Limited were approved by the High Court of Bombay and Andhra Pradesh on June 17, 2011 and June 27, 2011. Consequent to the approval, the Company obtained necessary in-principle approval from BSE and NSE for listing of the equity shares subject to relaxation by SEBI from requirements under Rule 19 (2) (b) of Securities Contracts (Regulation) Rules, 1957.
 - However, SEBI had filed an application in the High Court of Bombay at Mumbai to recall / review the approved Order for the Composite Scheme of Arrangement and Amalgamation. The High Court of Bombay dismissed the application on September 10, 2015 with costs.
 - Since there has been a delay in obtaining the necessary hearing from the High Court of Bombay, the Company in the meantime, filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19 (2) (b) of Securities Contract (Regulation) Rules, 1957. The SAT had passed an Order directing SEBI to pass Orders in favour of the Company on setting aside the objections raised by SEBI.
 - As against the SAT order dated October 30, 2015 stated above, SEBI filed a Civil Suit (Appeal) in Supreme Court of India. The Supreme Court dismissed the SEBI appeal on January 22, 2016.
 - SEBI vide their letter dated 4th February, 2016 granted the relaxation to the Company from compliance under Rule 19 (2) of the Securities Contracts (Regulations) Rules, 1957 subject to the satisfaction of certain conditions and compliances.
 - SEBI had filed an appeal before the before the Division Bench in the High Court of Bombay against the order of the Single Judge requesting the Mumbai High Court to maintain the appeal.
- The Company has complied with the requirements under the LODR (earlier Listing Agreement entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited) except the following compliances: **Regulation 17 (1) (b) of LODR** Mr. K.S. Raju is an Executive Chairman and atleast half the Board shall consist of Independent Directors. The Company is at present falling short of having one Independent Director on the Board and it has been advised to review this and comply with regulation
- The company undertakes share transfer activity as a Category II Merchant Banker and the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year end as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.
We certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements Regulations, 2015).
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For KBG ASSOCIATES
Company Secretaries

(Srikrishna S Chintalapati)
Partner
CP # 6262

Hyderabad
June 12, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economic Scenario

The year 2015 was subdued for the global economy with world output slowing down to 3.1%. The year also witnessed steep falls in oil prices, continued weakness in commodity prices, a slowdown in China and deep recession in some large emerging market economies.

Indian Economic Scenario

The Indian Economy emerged as one of the most rapidly growing economies having grown 7.6% in 2015-16 and is expected to grow to 8.0% in 2016-17 ahead of China, at a time when global growth is facing increasing downside risks.

The Gross National Income at current prices was estimated at Rs 134.19 lakh crore in 2015-16, against Rs 123.41 lakh crore during 2014-15, showing a rise of 8.7%. The farm sector also rebounded to the growth zone, as against a contraction in previous year, although the rate of expansion was low at 1.2% in 2015-16. The manufacturing sector accelerated to 9.3%, from 5.5% in the previous fiscal year. The sustained growth of the economy has impact of the Government reforms, RBI's inflation focus coupled with benign global commodity prices.

Several foreign companies are considering India as a destination for investment and setting up their facilities in India on account of various government initiatives like 'Make in India' and 'Digital India'. The 'Make in India' initiative aims to boost the manufacturing sector of Indian economy. The initiative is expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and spur development, in addition to benefiting investors. The 'Digital India' initiative, focuses on three core components: creation of digital infrastructure, delivering services digitally and increasing the digital literacy. Currently, the manufacturing sector in India contributes over 15% of the GDP. The Government under its various initiatives is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25% of the GDP.

Agriculture Sector

Indian agriculture sector accounts for 17% of India's Gross Domestic Product (GDP) and plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 15.35% of the Gross Value Added (GVA) during 2015-16 at 2011-12 prices. Agricultural export which is the fourth-largest exported principal commodity constitutes 10% of the country's exports.

Several players have invested in the agricultural sector in India, mainly driven by the Government's initiatives and schemes. The Budget 2016-17 proposed a slew of measures to improve agriculture and increase farmers' welfare. The Government has taken steps to address two major factors (soil and water) critical to improve agriculture production. Steps have been taken to improve soil fertility on a sustainable basis through the soil health card scheme and to support the organic farming scheme 'Paramparagat Krishi Vikas Yojana'. Other steps include improved access to irrigation through 'Pradhanmantri Gram Sinchai Yojana'; enhanced water efficiency through 'Per Drop More Crop'; continued support to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the creation of a unified national agriculture market to boost the incomes of farmers.

Rising private participation in Indian agriculture, growing organic farming and use of information technology are some of the key trends in the agriculture industry. The agriculture sector is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector's growth. Furthermore, the growing use of genetically modified crops are likely improve the yield for Indian farmers.

Fertilizer Sector

Fertilizers form a key component and which invariably accounts to about seventh of the country's GDP. Keeping with the impeccable importance to this sector, it becomes pertinent to note that India is the second-largest consumer of fertilizers (China being the first). India produces about 80 per cent of its Urea Fertilizer needs. The fertilizer industry indigenously has the capacity to produce 50 per cent of the country's phosphatic fertilizers.

The Government budgeted Rs. 73,000 crores, about 0.5% of GDP on fertilizer subsidies in 2015-16. Nearly 70 per cent of this amount was allocated to urea, the most commonly used fertilizer, making it the largest subsidy after food. This is dismally low compared to requirements with the back-log of Previous year payments and the subsidy payable during the current year. Delayed subsidy payment from the Government was a key challenge the industry faced which strained the working capital of fertilizer companies. The lower provisioning which will result in delayed payments will also impact the profitability of companies especially when outlays of capital expenditure has to be met to meet the new energy norms effective from 2018.

2015 was a slow year for this sector where demand for fertilizer has been soft and shrinking international prices saw imports rise. From April to August 2015, imports rose 54%.

Government Policies

Government of India, Ministry of Chemicals and Fertilizers notified New Urea Policy 2015 (NUP 2015) in May 2015 for existing gas based urea manufacturing units. NUP (2015) will be effective from June 2015 to March 2019 replacing existing modified NBS III and New Investment Policy 2008. W.e.f June 1, 2015 the government notified revised energy norms for the period June 1, 2015 to March 31, 2018 and for the year 2018-19. The Policy has multiple objectives of maximizing indigenous urea production and promoting energy efficiency in urea units to reduce the subsidy burden on the Government. The policy aims to ensure timely supply of urea to farmers at same Maximum Retail Price (MRP) with lesser financial burden on the exchequer alongwith reduced import dependency in the urea sector

The Company believes that the recent policy intervention and measures taken by the Government would result in higher efficiency of plants and lower subsidy burden of the Government.

Company's Strengths and opportunities

The Company's main strength lies in an excellent track record of project execution, achieving high production levels and safety and energy efficiency. It has the twin advantages of having the raw material and the market at its door step. The Company is constantly looking for new opportunities to further enhance its revenue streams and increase profitability.

The Company has partnered with Government of India's prestigious eNAM initiative, an online portal for trading in agricultural produce. The Company has developed the NAM project platform under Ikisan business which would be automating 585 Mandis across India in a span of two years.

Threats and concerns

The delays on the part of the Government of India in undertaking comprehensive fertilizer reforms are a matter of concern. The industry continues to face challenges such as insufficient subsidy allocation in budget, unfavourable policies for setting up new urea facilities, urea retail prices, delays in subsidy payments to fertilizer manufacturers and domestic gas pricing and availability.

The existing urea investment policy needs to be amended to make further investments in the fertilizer industry lucrative. The industry requires a series of reforms primarily with subsidy bills and import dependence increasing by the year. The industry is plagued with the build-up of subsidy dues which forms a substantial portion of the gross sales of fertilizer companies, the delay leading to increased short-term borrowings, impacting the working capital cycle resulting in high interest cost.

A major concern of the Company is the short supply of Natural Gas and at times low pressure, resulting in the plants running at low load operations resulting in higher energy consumption. Further, the pricing of raw materials including Natural Gas is not in parity with international prices. The cost of production of fertilizers in India therefore is not comparable with international prices of fertilizers resulting in unfair competition. There is threat of cheaper imports and industry need protection through tariff and other measures.

The initiative of the Government of India to set-up public sector fertilizer plants including in the state of Telangana and Andhra Pradesh could lead to changes in the dynamics of marketing of fertilizers for the Company.

Outlook/ Future plans

The Company is exploring various growth opportunities to enhance its revenue streams to buttress its profitability and is looking at various options.

The New Urea Policy 2015 for the existing gas based urea plants have directed that all the gas based plants will have to reset their energy norms with effect from the Financial Year 2018-19. The Company is initiating preliminary work for the proposed revamp project for complying with the energy norms as notified by the Dept. of Fertilizers in the New Urea Policy 2015 with a simultaneous increase in production capacity.

Financial Performance vis a vis Operational Performance

Financial Summary

The Company recorded a Loss after tax for the year was ₹ 114.01 crores against loss after tax of ₹ 366.62 crores during the previous year primarily on account of inadequate supply of Natural Gas and also at low pressure coupled with high interest cost due to delay in the receipt of subsidy from the Government of India.

Plant Operations

The Company during the year manufactured 13.42 LMT of urea as against 9.32 LMT in the previous year. The Micro-Irrigation business achieved a production of 1,071 Lakh Mtrs against 1,547 Lakh Mtrs during the previous year.

The Company achieved a sale of manufactured urea of 12.47 LMT compared to 9.33 LMT in the previous year with the total urea sales for both manufactured and imported being 22.69 LMT compared to 22.35 LMT of previous year.

The Company sold Specialty Fertilizers of ₹117.71 crores during the year, in comparison with sales of ₹ 114.22 crores during the previous year. The sale of Micro-nutrients was ₹ 108.75 crores during the year, in comparison with sales of ₹ 177.26 crores during the previous year.

Human Resources and industrial Relations

The Company during the previous year continued to have good industrial relations with all its employees at all levels. The Company's constant endeavor has been to attract, retain and nurture human talent by developing a strong culture of human values and encourage its employees to realize their individual goals which are in consonance with organizational goals. Various initiatives have been taken to impart training and development activities so that employees are prepared to take up new challenges for their own development and also for the overall well being of the Company. There are 1550 employees on the rolls of the Company as on March 31, 2016.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Nagarjuna Fertilizers and Chemicals Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Nagarjuna Fertilizers and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (here in referred to as "the Standalone Financial Statements").

Management's responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Attention is invited to following notes to the Standalone Financial Statements:

- a) Note 20.1 regarding accounting of subsidy towards, reimbursement of additional fixed cost and production beyond reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III and, adjustment of input price escalation / de-escalation as detailed in the said note.
- b) Note 25.1 regarding Managerial remuneration, for the period from August 01, 2014 to March 31, 2016, for which the Company is in the process of obtaining approval from the Central Government.

Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of all pending litigations on its financial position in its Standalone Financial Statements – refer Note 30.1 to the standalone financial statements.
 - ii. The Company did not, as at March 31, 2016, have any material foreseeable losses relating to long-term contracts including derivative contracts.
 - iii. The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
2. As required by the Companies (Auditors Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in the “Annexure B”, a statement on the matters specified in paragraphs 3 and 4 of the Order.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

Hyderabad
May 12, 2016

D. Bapu Raghavendra
Partner
Membership No. 213274

Annexure A to the Independent Auditors’ Report

Re: Nagarjuna Fertilizers and Chemicals Limited
Annexure A to the Independent Auditors’ report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Nagarjuna Fertilizers and Chemicals Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the “Guidance Note on Audit of Internal Financial Controls over Financial Reporting” issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the “Guidance Note on Audit of Internal Financial Controls over Financial Reporting” (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk whether a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

Hyderabad
May 12, 2016

D. Bapu Raghavendra
Partner
Membership No. 213274

Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - According to the information and explanation given to us, the said fixed assets have been physically verified by its management during the year in accordance with a programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - According to the information and explanations furnished to us, and based on our review, title deeds of its immovable properties are not held in the name of the Company in respect of the land to the extent of 340.11 acres in 104 cases, situated in Nellore District, Andhra Pradesh, in the possession of the Company, pending registration of the titles thereto in its name.
- (ii) According to the information and explanations furnished to us, in respect of the company's inventories :
- Physical verification of inventories at plants and warehouses has been conducted by its management at reasonable intervals during the year. In our opinion, having regard to the nature of its business and location of its stocks, the frequency of verification is reasonable. Further, the discrepancies noticed on such verification, between the physical stocks and the respective records were not material in relation to the size of operations of the Company and the same have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the

Companies Act, 2013. Accordingly, reporting under clauses (a), (b) and (c) of paragraph 3(iii) of the Order does not arise.

- (iv) According to the information and explanations furnished to us, the Company has not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties specified in the Sections 185 and 186 of the Companies Act, 2013, except monies advanced to Nagarjuna Oil Refinery Limited, pursuant to the Composite Scheme of Arrangement and Amalgamation referred to in Note 3 to the Standalone Financial Statements, which the Company has been legally advised does not come under the purview of the aforesaid sections.
- (v) According to the information and explanations furnished to us, the Company has not accepted any deposits from the public. Hence, reporting under the provisions of paragraph 3(v) of the Order does not arise.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Rules in force made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues, during the year under report:
- The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, and there were no amounts payable in respect of the aforesaid undisputed statutory dues in arrears, as at March 31, 2016, for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax which have not been deposited as on March 31, 2016 on account of dispute are as below:

Name of Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax	Tax	36.31	2014-2015	ITAT - Hyderabad (Appeals)
VAT	Tax/ penalty	463.71	2014-2015	High court- Madras

(viii) According to the information and explanations furnished to us, the Company has defaulted in respect of the following dues on borrowings, as at March 31, 2016:

Lender	Type of Borrowing	Nature of Dues in arrears	Amount of default (₹ in Lakhs)	Period of Default
IFCI Limited	15% NCD	Principal	163.01	91 Days
LIC of India	13.25% NCD	Principal	180.00	91 Days
IFCI Limited	10.25% NCD	Principal	382.88	103 Days
LIC of India	10.25% NCD	Principal	121.75	103 Days
IFCI Limited	10.25% NCD	Interest	133.80	103 Days
LIC of India	10.25% NCD	Interest	31.11	103 Days
IFCI Limited	Term Loan	Principal	224.01	91 Days
SICOM Limited	Term Loan	Principal	119.02	91 Days

- (ix) According to the information and explanations furnished to us, the Company has, during the year under report, applied the monies raised by it through term loans for the purposes for which they were raised. The Company did not make any initial public offer or further public offer of any of its securities during the year under report.
- (x) According to the information and explanations furnished to us, no fraud by the Company, nor any fraud on the Company by any of its officers or its employees has been noticed or reported during the year under report.
- (xi) According to the information and explanations furnished to us by the company, the Company has, during the year under report, paid / provided for managerial remuneration in accordance with Section 197 read with Schedule V of the Companies Act 2013, in anticipation of necessary approvals pending from the Central Government pursuant to applications made by the Company. Refer Note 25.1 to the Financial Statements.
- (xii) In our opinion, reporting requirement under Paragraph 3(xii) of the order does not arise since, according to the information and explanations furnished to us, the Company is not a Nidhi Company.
- (xiii) According to the information and explanations furnished to us, the transactions entered into by the Company with its related parties are in compliance with the requirements of the provisions of Sections 177 and 188 of the provisions of the Companies Act 2013.
- (xiv) According to the information and explanations furnished to us, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year under report.
- (xv) According to the information and explanations furnished to us, the Company has not entered into any agreements for acquisition of assets from or for transferring its assets to its directors, or the directors of its subsidiary companies or persons connected with such directors, for a consideration other than cash, during the year under report.
- (xvi) In our opinion based on the information and explanations furnished to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

Hyderabad
May 12, 2016

D. Bapu Raghavendra
Partner
Membership No. 213274

Balance Sheet As At March 31, 2016

₹ in Lakhs

Particulars	Note	As At March 31, 2016		As At March 31, 2015	
I. EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	4	5,980.65		5,980.65	
(b) Reserves and Surplus	5	153,195.06	159,175.71	164,596.25	170,576.90
Non-Current Liabilities					
(a) Long-Term Borrowings	6	70,934.96		18,885.21	
(b) Deferred Tax Liabilities (Net)	7	6,838.54		8,446.27	
(c) Other Long Term Liabilities	8	7,384.47		5,279.30	
(d) Long-Term Provisions	9	443.32	85,601.29	374.48	32,985.26
Current Liabilities					
(a) Short-Term Borrowings	10	93,437.41		100,259.24	
(b) Trade Payables	11				
(A) Micro, Small, Medium Enterprises (MSMEs)		4.36		-	
(B) Other than MSMEs		165,531.70		101,225.41	
(c) Other Current Liabilities	12	16,788.54		24,082.46	
(d) Short-Term Provisions	9	127.64	275,889.65	297.57	225,864.68
Total			520,666.65		429,426.84
II. ASSETS					
Non-Current Assets					
(a) Fixed Assets	13				
(i) Tangible Assets		275,744.41		283,236.11	
(ii) Intangible Assets		2,457.00		2,948.40	
(iii) Capital work-in-progress		708.61		307.47	
(b) Non-Current Investments	14	1,803.29		2,615.53	
(c) Long-Term Loans and Advances	15	2,616.96	283,330.27	1,808.32	290,915.83
Current Assets					
(a) Inventories	16	22,815.72		16,480.42	
(b) Trade Receivables	17	198,999.44		107,036.97	
(c) Cash and Cash Equivalents	18	9,436.25		7,807.83	
(d) Short-Term Loans and Advances	15	5,573.17		6,934.81	
(e) Other Current Assets	19	511.80	237,336.38	250.98	138,511.01
Total			520,666.65		429,426.84
Corporate Information and Significant Accounting Policies	1 & 2				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of the Board

for **M. Bhaskara Rao & Co.,**
Chartered Accountants

K S Raju
Chairman

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

D. Babu Ragavendra
Partner

Hyderabad
May 12, 2016

M Ramakanth
Company Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Statement of Profit and Loss for the year ended March 31, 2016

₹ in Lakhs

Particulars	Note	2015-16		2014-15	
Income					
Revenue from Operations					
Sale of Products (including Subsidy)		365,661.86		252,675.49	
Sale of Services		1,027.56		805.83	
Other Operating Revenues		212.63		264.76	
	20	366,902.05		253,746.08	
Less: Excise Duty		725.42	366,176.63	593.80	253,152.28
Other Income	21		2,849.39		4,099.43
Total			369,026.02		257,251.71
Expenses					
Cost of Materials Consumed	22		115,434.30		59,862.55
Purchase of Traded Products	23		87,364.19		106,685.24
(Increase) / Decrease in Stock	24		(6,008.03)		(5,038.02)
Power and Fuel			86,400.40		39,745.60
Employee Benefits Expense	25		14,735.61		13,773.03
Finance cost	26		32,941.25		23,645.80
Depreciation and Amortization	13		9,265.57		9,343.89
Other Expenses	27		41,089.58		32,337.59
Total			381,222.87		280,355.68
Loss before exceptional items, extra-ordinary items and tax			(12,196.85)		(23,103.97)
Exceptional Items	29.1		-		4,344.36
Loss before extraordinary items and tax			(12,196.85)		(27,448.33)
Extraordinary Items	29.2		812.24		8,715.07
Loss before Tax			(13,009.09)		(36,163.40)
Tax Expense					
(a) Current Tax			-		-
(b) Deferred Tax	7		(1,607.73)		499.20
Loss after tax			(11,401.36)		(36,662.60)
Earnings per equity share of face value of ₹ 1/- each					
Basic and Diluted	33		(1.91)		(6.13)
Corporate Information and Significant Accounting Policies	1 & 2				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.,**
Chartered Accountants

D. Babu Ragavendra
Partner

Hyderabad
May 12, 2016

K S Raju
Chairman

M Ramakanth
Company Secretary

For and on behalf of the Board

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Cash Flow Statement for the year ended March 31, 2016

₹ in Lakhs

Particulars	2015-16	2014-15
A. Cash Flow from Operating Activities		
Net Profit before Tax	(13,009.09)	(36,163.40)
Adjustments:		
Depreciation/Amortisation	9,265.57	9,343.89
Provision for Impairment	-	3,184.62
Provision for Doubtful Debts / Advances	149.49	3,694.90
Finance Cost	32,941.25	23,645.80
Provision for Diminution in value of Investments	812.24	2,678.14
(Profit) / Loss on sale of assets / assets discarded/assets decapitalised	177.08	1,684.09
Operating Profit before working capital changes	30,336.54	8,068.04
Movements in working capital:		
Increase/(decrease) in trade payables	58,492.97	2,840.61
Increase/(decrease) in long term provisions	68.84	(1,667.03)
Increase/(decrease) in short term provisions	(169.93)	273.27
Increase/(decrease) in other current liabilities	(861.74)	1,288.95
Increase/(decrease) in other long term liabilities	2,105.17	130.76
Decrease/(increase) in trade receivables	(92,111.96)	25,435.47
Decrease/(increase) in inventories	(6,335.30)	8,640.42
Decrease/(increase) in long term loans and advances	(338.77)	(496.09)
Decrease/(increase) in short term loans and advances	1,487.17	2,188.10
Decrease/(increase) in other current assets	(260.82)	113.99
Cash generated from/(used in) operations	(7,587.83)	46,816.49
Direct Taxes Paid (net of refunds)	(125.36)	(3,612.49)
Net cash flow from operating activities	(7,713.19)	43,204.00
B. Cash Flow from Investing activities		
Purchase of fixed assets and CWIP	(2,337.88)	(2,252.88)
Margin Money Deposits	(1,269.77)	(1,643.85)
Proceeds from Sale of fixed assets	7.32	21.73
Net cash flow from / (used) in investing activities	(3,600.33)	(3,875.00)
C. Cash flow from Financing activities		
Proceeds from long term borrowings	61,249.47	5,300.47
Increase/(decrease) in Buyers/Suppliers credit	(1,004.14)	(11,195.95)
Repayment of long term borrowings	(15,282.46)	(13,990.00)
Finance Costs paid	(33,288.67)	(22,612.90)
Dividend Paid	(2.03)	(3.09)
Net cash flow used in financing activities	11,672.17	(42,501.47)
Net Increase/(decrease) in cash and Cash equivalents	358.65	(3,172.47)
Cash and cash equivalents as at beginning of the year	3,282.65	6,455.12
Cash and cash equivalents as at end of the year	3,641.30	3,282.65

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.,**
Chartered Accountants

K S Raju
Chairman

D. Bapu Ragavendra
Partner

For and on behalf of the Board

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

Hyderabad
May 12, 2016

M Ramakanth
Company Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Notes forming part of the financial statements for the year ended March 31, 2016

1 CORPORATE INFORMATION

Kakinada Fertilizers Limited (KFL), was incorporated as a wholly owned subsidiary to Nagarjuna Fertilizers and Chemicals Limited (erstwhile NFCL) in 2009-10 to manufacture, market fertilizers and allied agri inputs. Through a Composite Scheme of Arrangement and Amalgamation (the Scheme), KFL acquired the residual business of erstwhile NFCL and the business of Iksan Limited effective from April 01, 2011. KFL changed its name to Nagarjuna Fertilizers and Chemicals Limited w.e.f August 19, 2011 as per the Scheme. The financial statements presented herewith for the year ended on March 31, 2016 relates to the combined operations of the Company's Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation businesses. The Financial statements include operations of branches at Kenya and Singapore which were closed during the year.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation:

The financial statements of the Company are prepared on accrual basis, under historical cost convention. The Financial Statements of the Company have been prepared in accordance with G.A.A.P in India ("Indian GAAP") to comply with accounting standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act/ the Companies Act, 1956, as applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of the preceding year.

2.2. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4. Operating Cycle

The Company has adopted its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets for processing and their realisation, for the purpose of current / non-current classification of assets and liabilities.

2.5. Fixed Assets:

2.5.1. Tangible Assets: Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take substantial period of time to get ready for their intended use are capitalised.

2.5.2. Intangible Assets: The cost of intangible assets acquired in an Amalgamation in the nature of purchase is stated at fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost as reduced by accumulated amortization and accumulated impairment, if any.

Notes forming part of the financial statements for the year ended March 31, 2016

2.6. Impairment of Assets: The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.7. Depreciation on Fixed Assets:

2.7.1. Depreciable amount of assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets is provided under the straight line method as per the useful lives prescribed in Schedule II to the Act except in respect of following category of assets, in whose case the life of the assets has been assessed based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, adopted technological changes, maintenance etc.,

Sl. No.	Description	Useful life as per Schedule II of Companies Act 2013	Useful life adopted by the Company
1	Continuous Process Plants	25 years	37 years

Where the cost of a part of an asset is significant to the total cost of that asset and its useful life is determined to be different from the useful life of the remaining asset, depreciation on such part is computed in accordance with its respective useful life.

2.7.2. Intangible assets are amortized over a period of ten years on straight line basis.

2.8. Investments :

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

2.9. Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transaction. Gains and Losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss. Premium or discount arising on forward exchange contracts is recognized in the Statement of Profit and Loss.

Liabilities related to foreign currency transactions incurred to acquire fixed assets remaining unsettled at the end of the year are translated at year end rates. The difference arising on such translation and realized gain or loss is adjusted to the cost of respective fixed asset.

Foreign branches are classified as integral foreign operations. Assets and Liabilities (both monetary and non monetary) are translated at the closing rate at the year end. Income and Expenses are translated at the monthly average rate at the end of the respective month.

The difference in translation of monetary assets and liabilities forms part of an enterprise's net investment in a non-integral foreign operations i.e. Subsidiaries/Associates and realized gains and losses on foreign currency transactions, are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the Investment.

2.10. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time i.e. more than twelve months to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

Notes forming part of the financial statements for the year ended March 31, 2016

2.11. Revenue Recognition:

Subsidy: Group Concession Price under Group Concession Scheme (GCS) and Equated Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee.

Sale of goods: The Company recognises revenue on sale of products, net of discounts and applicable Taxes i.e., VAT, Sales tax, CST etc., when the product is shipped to customer i.e., when the risks and rewards of ownership are passed on to the customer.

Income from services: The Company recognises income from services, net of service tax, towards supply of manpower in terms of the respective contracts.

2.12. Grants in Aid:

Grants in Aid received towards meeting revenue expenditure are treated as other income and Grants in Aid received in respect of capital assets are adjusted to cost of respective asset in the relevant financial year.

2.13. Inventories:

The method of valuation of inventories:

2.13.1. Manufactured Products:

- a) Finished goods - at lower of cost and net realisable value.
- b) Work in process - at cost.

Cost - includes material cost, labour, factory overheads and depreciation.

Net realisable value in the case of Urea –

- the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and
- the net sale price in respect of finished goods lying in the warehouses outside the factory.

2.13.2. Traded products - at lower of cost and net realisable value.

2.13.3. Work-in-process, raw materials, stores, spares, packing material and loose tools - at weighted average cost, less provision for depletion in value, if any.

2.14. Employee Benefits:

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits".

2.14.1. Gratuity: In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible Employees. The liability towards gratuity is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of gratuity is covered by a policy with Life Insurance Corporation ('LIC').

2.14.2. Superannuation: The Company makes monthly contribution to an approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond the monthly contribution.

2.14.3. Compensated Absences: Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of compensated absences is covered by a policy with Life Insurance Corporation ('LIC').

2.14.4. Provident Fund: The Company's Contribution towards provident fund, administered and managed by an approved trust, is charged to the Statement of Profit and Loss.

2.15. Research and Development:

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Statement of Profit and Loss in the year in which they are incurred.

2.16. Leases:

The Company's leasing arrangements are mainly in respect of operating leases for premises. The leasing arrangements range from 11 months to 5 years generally and are cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Profit and Loss.

Notes forming part of the financial statements for the year ended March 31, 2016

2.17. Taxes:

2.17.1. Current Tax: Provision for current tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.

2.17.2. Deferred Taxes: Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws, enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses under the Tax Laws are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.18. Earnings Per Share:

Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

2.19. Provisions, Contingent Liabilities and Contingent Assets:

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements.

3 Composite Scheme of Arrangement and Amalgamation:

The jurisdictional High Courts of Bombay and Andhra Pradesh had approved the Composite Scheme of Arrangement and Amalgamation between the Company, erstwhile Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and Ikisan Limited and their respective shareholders and creditors ('the Scheme') as per the provisions of Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 on June 17, 2011 and June 27, 2011 respectively. The Scheme was made effective on July 30, 2011 but operative from Appointed Date, i.e. April 1, 2011.

Consequent to Scheme becoming effective, the financial statements for the subsequent years have been drawn up incorporating the necessary adjustments as envisaged in the Scheme.

The Bombay Stock Exchange vide letter dated December 14, 2011 approved the application of the Company for listing of the equity shares and the National Stock Exchange vide letter dated January 13, 2012 accorded in-principle approval for listing of the equity shares. These approvals are subject to relaxation by Securities and Exchange Board of India (SEBI) from requirements under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.

An application had been filed by SEBI in the High Court of Bombay at Mumbai to recall / review the Order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The matter had been heard by the Hon'ble High Court of Bombay at Mumbai and dismissed the application filed by SEBI on September 10, 2015 with costs.

The Company, in view of the prolonged delay by SEBI, had also filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

SAT on October 30, 2015 had directed SEBI to pass Orders in relation to the application of the company for seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957. SEBI had filed a Civil Appeal in the Supreme Court of India which on January 22, 2016 dismissed the Civil Appeal filed by SEBI against the Order of SAT.

SEBI had sought two weeks time from the Supreme Court of India to pass Orders on the application of the company seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957 and the same has been granted.

SEBI had filed an appeal before the Division Bench in the High Court of Bombay against the Order of the Single Judge.

SEBI at the hearing on February 29, 2016 informed the Hon'ble High Court of Bombay that vide letter dated February 4, 2016 addressed to Bombay Stock Exchange Ltd, SEBI has granted relaxation to the company from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions while at same time requesting the Court that SEBI would continue to maintain the Appeal.

The Company is taking necessary steps to commence trading of equity shares at the earliest.

Notes forming part of the financial statements for the year ended March 31, 2016

4. Share Capital:

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Authorised				
Equity Shares of ₹ 1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of ₹ 1/- each	1,80,00,00,000	18,000.00	1,80,00,00,000	18,000.00
Issued, Subscribed and Paid Up				
Equity Shares of ₹ 1/- each	59,80,65,003	5,980.65	59,80,65,003	5,980.65

4.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 1/- each				
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Add: On allotment during the year	-	-	-	-
Balance at the end of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65

4.2. Rights, Preferences and Restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential creditors. The distribution will be in proportion to the number of equity shares held by the shareholders.

4.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2016		March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
Equity Shares of ₹ 1/- each				
Amlika Mercantile Private Limited (Refer Note 4.3.1)	12,70,68,520	21.25	12,70,68,520	21.25
Nagarjuna Management Services Private Limited (Refer Note 4.3.1.1)	7,85,92,592	13.14	7,85,92,592	13.14
Nagarjuna Holdings Private Limited (Refer Note 4.3.1.1)	3,46,26,130	5.79	3,46,26,130	5.79
Zuari Global Limited	3,22,67,741	5.40	3,22,67,741	5.40
Baron Properties Private Limited (Refer Note 4.3.1.1)	1,82,98,969	3.06	1,82,98,969	3.06
White Stream Properties Private Limited (Refer Note 4.3.1.1)	30,19,060	0.50	30,19,060	0.50
Nagarjuna Staff Betterment Company Private Limited (Refer Note 4.3.1.2)	87,23,277	1.46	87,23,277	1.46
NFCL Employees Welfare Trust (Refer Note 4.3.2)	2,57,43,525	4.30	2,57,43,525	4.30

4.3.1. The Company has received disclosure from Amlika Mercantile Private Limited (Amlika) informing of amalgamation of Nagarjuna Corporation Limited (NCL) with it, pursuant to a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 which was made effective on June 19, 2014.

Pursuant to the amalgamation, following shares held by NCL shall stand vested in Amlika.

4.3.1.1. Shares held by Nagarjuna Management Services Private Limited, Nagarjuna Holdings Private Limited, Baron Properties Private Limited and White Stream Properties Private Limited shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012.

Notes forming part of the financial statements for the year ended March 31, 2016

4.3.1.2. Shares held by Nagarjuna Staff Betterment Company Private Limited (NSB) shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Scheme of Amalgamation between NCL and NSB which was approved by the Hon'ble High Court of Bombay at Mumbai on March 22, 2012.

4.3.2. The Company has received disclosure dated July 23, 2014 from Amlika that it had acquired 2,57,43,525 equity shares from NFCL Employees Welfare Trust.

4.3.3. The above Shares totalling to 29,60,72,073 shares i.e. 49.50% shall be transferred in Amlika's name on commencement of trading in company's shares.

4.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of ₹ 1/- each (aggregating to ₹ 5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

5. Reserves and Surplus:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Capital Reserve		
Opening Balance	90,843.26	90,843.26
Securities Premium Account		
Opening Balance	109,619.35	109,619.35
Foreign Currency Translation Reserve		
Opening Balance	(62.90)	573.63
Add: Effect of Foreign exchange variation during the year	0.17	(636.53)
Closing Balance	(62.73)	(62.90)
Debenture Redemption Reserve (Refer Note 6.1.2.2)		
Opening Balance	2,087.99	2,087.99
Less: Transfer to General Reserve	-	-
Closing Balance	2,087.99	2,087.99
General Reserve		
Opening Balance	11,291.73	18,055.80
Less: Depreciation adjustment	-	6,764.07
(Previous year Net of Deferred Tax ₹ 562.05 Lakhs)		
Closing Balance	11,291.73	11,291.73
Surplus/ (Deficit) in Statement of Profit and Loss		
Opening Balance	(49,183.18)	(12,520.58)
Add: Loss after tax for the year	(11,401.36)	(36,662.60)
Closing Balance	(60,584.54)	(49,183.18)
Total	153,195.06	164,596.25

Notes forming part of the financial statements for the year ended March 31, 2016

6. Long Term Borrowings:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
A Non Convertible Debentures of ₹ 100/- each (Secured) (Refer Note 6.1.1 and 12)				
1,53,30,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	-	-	2,715.17
30,00,000 Debentures 14.5% Redeemable Non-convertible of ₹100/- each	-	-	-	360.00
80,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	-	-	264.02
25,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	-	-	225.00
30,00,000 Debentures 13.25% Redeemable Non-convertible of ₹100/- each	-	-	-	360.00
B Non Convertible Debentures of ₹ 1/- each (Secured) (Refer Note 6.1.2)				
92,43,91,006 Debentures 10.25% Redeemable Non-convertible of ₹1/- each	3,081.30	6,162.61	3,081.30	3,081.30
	3,081.30	6,162.61	3,081.30	7,005.49
Term Loans (Secured)				
From Banks				
In Rupees (Refer Note 6.2, 6.3 and 12)	57,670.00	500.00	3,730.00	3,977.75
In Foreign Currency (Refer Note 6.2 and 6.4)	2,806.06	3,542.20	947.92	1,833.30
From Others (Refer Note 6.2, 6.5 and 12)				
In Rupees	392.00	552.00	160.00	1,194.99
Corporate Loan (Secured)				
From Banks				
In Rupees (Refer Note 6.6 and 12)	3,599.07	4,400.00	800.00	400.00
Deferred Payment Liabilities (Unsecured) (Refer Note 6.7)				
Sales tax Deferral	3,386.53	3,728.40	832.69	390.71
Total	70,934.96	18,885.21	9,551.91	14,802.24
The above amount includes:				
Secured Borrowings	67,548.43	15,156.81	8,719.22	14,411.53
Unsecured Borrowings	3,386.53	3,728.40	832.69	390.71
Amount disclosed under the head "Other Current Liabilities" (Refer Note 12)	-	-	(9,551.91)	(14,802.24)
	70,934.96	18,885.21	-	-

6.1. Debentures (Secured):

6.1.1. The Non Convertible Debentures (NCD) of ₹100/- each together with accrued interest, remuneration and other expenses thereof are secured by a registered mortgage and an exclusive charge on the Company's immovable property situated at Ahmedabad.

Further secured by an equitable mortgage and a charge on the other immovable and movable properties of the Company in favour of the debenture trustees, save and except stock in trade, book debts given as security to banks for obtaining working capital facilities.

Notes forming part of the financial statements for the year ended March 31, 2016

6.1.1.1. The details of rate of interest and redemption of debentures are as under.

Bank / Institution	No. of Debentures	Effective Rate of interest %	Repayment Schedule
ICICI Bank Limited	1,53,30,000	lbase +2.25	21 Quarterly Installments commencing from March 2011
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	80,00,000	13.75	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	25,00,000	13.75	41 Structured Quarterly Installments commencing from March 2006
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006

6.1.1.2. Details of default in repayment of debentures as at the year end are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
Principal				
IFCI Limited	91 days	163.01	-	-
LIC of India	91 days	180.00	-	-
Interest				
ICICI Bank Limited	-	-	1-31 Days	61.49

6.1.2. The Company had issued 1,00,41,00,000 Non Convertible Debentures of ₹ 1/- each to banks and financial institutions towards settlement of recompense amount determined by the Corporate Debt Restructuring - Empowered Group, which are redeemable in 18th, 30th and 42nd months from the date of exit of CDR package i.e., June 20, 2014 being the date of allotment. The Debentures carry an interest rate of 10.25% per annum.

6.1.2.1. The above NCD's are secured by subservient charge on the fixed assets of the Company.

6.1.2.2. Debenture Redemption Reserve (DRR) available in books is towards redemption of Debentures of ₹ 100/- each and the same is adequate as at the year-end towards the entire debentures outstanding including ₹ 1/- debentures issued during 2014. The reserve standing at ₹ 2,087.99 Lakhs as at March 31, 2016 is retained towards the statutory reserve required at ₹ 1,967.26 Lakhs against the outstanding debentures.

6.1.2.3. Details of default in repayment of 10.25% Non-Convertible Redeemable Debentures of ₹ 1/- each as at the year end are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
Principal				
IFCI Limited	103 days	382.88	-	-
LIC of India	103 days	121.75	-	-
Interest				
IFCI Limited	103 days	133.80	-	-
LIC of India	103 days	31.11	-	-

6.2. Term Loans – In Rupees and in Foreign currency from Banks and Financial institutions:

6.2.1. Term loans availed from banks and financial institutions, together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future ranking pari-passu, inter se, the lenders; a charge created (creation of such charge pending in respect of certain assets) through an equitable mortgage by deposit of title deeds of immovable properties of the Company other than those mentioned in Note 6.1.1, 6.4 and 6.5.
- a second charge on the current assets of the Company ranking pari-passu, inter se, the lenders.

6.2.2. Further secured by pledge of 2,25,61,693 equity shares held in subsidiary company – Jaiprakash Engineering and Steel Company Limited in favour of Banks / Financial Institutions for the term loans availed by the Company.

6.2.3. All the Term Loans from Financial Institutions and Banks, Counter Guarantees from banks are personally guaranteed by Shri K.S.Raju.

6.2.4. The details of rate of interest and repayment of Term Loans are as under:

Notes forming part of the financial statements for the year ended March 31, 2016

₹ in Lakhs

S No.	Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
				Number of Installments	Frequency	Commencing from
Rupee Loans - Bank						
a)	IDBI Bank Limited	BBR +2.25	566.20	41	Quarterly	Mar-06
b)	IDBI Bank Limited	12.40	500.00	20	Quarterly	Oct-11
c)	State Bank of India	14.90	184.50	20	Quarterly	Dec-11
	Total		1,250.70			
Rupee Loans - Institution						
a)	IFCI Limited	13.75	224.01	41	Quarterly	Mar-06
b)	SICOM Limited	11.50	119.02	41	Quarterly	Mar-06
	Total		343.03			

6.2.5. Details of default in repayment of Term Loans and interest, as at the year end, are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
Principal				
ICICI Bank Limited (ECB)	-	-	1 -37 Day	715.85
IFCI Limited	91 days	224.01	-	-
SICOM Limited	91 days	119.02	-	-

6.3. Working Capital Term Loan: In Rupees from Banks

6.3.1. Working Capital Term loans from banks together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future for certain borrowings ranking pari-passu, inter se, those lenders other than those mentioned in Note 6.4 and 6.5. Charge creation through an equitable mortgage by deposit of title deeds of immovable properties of the Company is in progress ;
- a first charge on the current assets of the Company ranking pari-passu, inter se, the lenders.

6.3.2. Pledge, on pari passu basis, of some of their shares in the company by it's core promoters, which is pending as on the date of the Balance Sheet.

6.3.3. Also personally guaranteed by Shri K.S.Raju and Shri K Rahul Raju.

₹ in Lakhs

S. No.	Bank	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
				Number of Installments	Frequency	Commencing from
a)	IDBI Bank Limited	BBR +3.00	30,300.00	23	Quarterly	Jul-16
b)	State Bank of India	BBR +3.30	22,200.00	23	Quarterly	Jul-16
c)	ICICI Bank Limited	IBASE +3.30	8,400.00	23	Quarterly	Jul-16
	Total		60,900.00			

6.4. Term Loans – In Foreign Currency from Banks:

6.4.1. Term Loan in Foreign Currency is secured by First charge on Wind power assets situated at Amdhapuram site in Tirunelveli District, Tamilnadu acquired out of the said loan and residual / subservient charge on the current assets of the Company.

6.4.2. Details of rate of interest and repayment are as under.

Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule
ICICI Bank Limited	6 Month	3,753.98	15 Half Yearly Installments commencing from February, 2012
- HongKong	Libor +5.80		

6.5. Term Loans – In Rupees from Others:

6.5.1. The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

Notes forming part of the financial statements for the year ended March 31, 2016

6.5.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule
Department of Bio Technology	2	504.00	10 Semi annual Installments commencing from October 31, 2014
Department of Bio Technology	2	48.00	10 Semi annual Installments commencing from June 30, 2014

6.6. Corporate Loan:

6.6.1 Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking pari-passu with other banks in the consortium and collateral security on the Company's immoveable properties ranking pari-passu with working capital lenders. This loan is personally guaranteed by Shri K.S.Raju.

6.6.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
State Bank of India	13.95	4,499.06	20	Quarterly	Dec-14

6.7. Sales Tax Deferral:

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2016 is ₹ 7,273.44 Lakhs (Previous Year ₹ 7,664.14 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012. There are no overdue installments as at the year end.

7. Deferred Tax Liabilities (Net):

Deferred Tax Liability as at year end in respect of timing differences comprises the following:

₹ in Lakhs

Particulars	Nature	March 31, 2016	March 31, 2015
On account of -			
Depreciation / amortization	Liability	18,099.81	18,398.89
Employee benefit provision	Asset	194.07	228.43
Unabsorbed Loss and Depreciation under tax laws	Asset	8,671.46	6,296.71
Disallowances u/s 43B of Income Tax Act	Asset	2,395.74	3,393.47
Amalgamation expenses	Asset	-	34.01
Total	Net Liability	6,838.54	8,446.27
Charge / Credit for the year		(1,607.73)	499.20
Credit to General Reserve		-	(562.05)

8. Other Long Term Liabilities:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Deposits from dealers	7,124.76	5,035.05
Other Deposits - (Retention, EMD etc.)	259.71	244.25
Total	7,384.47	5,279.30

9. Provisions:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits (Refer Note 25.2) - for Leave Benefit (net of plan assets)	443.32	374.48	127.64	297.57
Total	443.32	374.48	127.64	297.57

Notes forming part of the financial statements for the year ended March 31, 2016

10. Short Term Borrowings:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Loans repayable on demand		
Secured (Refer Note 10.1)		
From Banks		
In Rupees - Cash Credit	92,674.01	95,579.18
In Rupees - Short Term Loan	80.86	2,993.38
In Foreign Currency - Suppliers / Buyers Credit	682.54	1,686.68
Total	93,437.41	100,259.24

10.1. Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares), present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are personally guaranteed by Shri K.S.Raju.

11. Trade Payables:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Trade Payables - Other than Acceptances		
(A) Micro, Small, Medium Enterprises (MSMEs)	4.36	-
(B) Other than MSMEs	165,531.70	101,225.41
Total	165,536.06	101,225.41

11.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

₹ in Lakhs

Sl.No.	Particulars	March 31, 2016	March 31, 2015
A	Principal amount remaining unpaid	4.36	Nil
B	Interest due thereon	Nil	Nil
C	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
E	Interest accrued and remaining unpaid	Nil	Nil
F	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

12. Other Current Liabilities:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Current maturities of long term debt (Refer Note 6)	9,551.91	14,802.24
Unpaid matured portion of Debentures and Interest accrued there on (Refer Note 6.1.1.2 and 6.1.2.3))	1,893.67	1,215.20
Overdue Term Loans (Refer Note 6.2.5)	1,193.72	2,625.60
Interest accrued but not due	71.33	1,003.97
Interest accrued and due (Refer Note 6.2.5)	730.28	224.05
Unclaimed Dividends (Refer Note 12.1)	656.84	658.87
Other payables		
Statutory Payables	1,000.50	1,704.82
Deposits	133.13	195.99
Others	1,379.10	1,548.17
Payable on purchase of fixed assets	178.06	103.55
Total	16,788.54	24,082.46

12.1. There are no amounts due for remittance to the Investor Education Protection Fund as at the Balance Sheet date.

Notes forming part of the financial statements for the year ended March 31, 2016

13. Fixed Assets:

₹ in Lakhs

Particulars	Gross Block (At cost)				Depreciation						Net Block	
	As at March 31, 2015	Additions during the year	Deductions/ Adjustments during the year	As at March 31, 2016	Upto March 31, 2015	Adjusted to Opening Reserves	For the year	Deductions/ Adjustments	Impairment for the year (Refer Note 29.2.2)	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets												
Land	1,16,223.56	3.85	-	1,16,227.41	-	-	-	-	-	-	1,16,227.41	1,16,223.56
Buildings	14,756.05	17.53	-	14,773.58	1,932.31	-	760.70	-	-	2,693.01	12,080.57	12,823.74
Plant & Equipments	2,02,190.62	1,253.94	353.83	2,03,090.73	49,122.22	-	7,735.83	175.49	-	56,682.56	1,46,408.17	1,53,068.40
Furniture, Fixtures & Office Equipment	1,876.51	191.37	27.91	2,039.97	1,102.49	-	228.08	21.94	-	1,308.63	731.34	774.02
Vehicles	419.05	0.18	1.96	417.27	251.43	-	38.50	1.87	-	288.06	129.21	167.62
Roads, Drains & Culverts	912.82	-	-	912.82	780.68	-	11.06	-	-	791.74	121.08	132.14
Railway Siding	932.61	-	-	932.61	885.98	-	-	-	-	885.98	46.63	46.63
Total	3,37,311.22	1,466.87	383.70	3,38,394.39	54,075.11	-	8,774.17	199.30	-	62,649.98	2,75,744.41	2,83,236.11
Previous Year	3,33,808.03	5,570.03	2,066.84	3,37,311.22	35,072.90	7,326.12	8,852.49	361.02	3,184.62	54,075.11	2,83,236.11	2,98,735.13
Intangible Assets												
Trade Marks & Services	4,914.00	-	-	4,914.00	1,965.60	-	491.40	-	-	2,457.00	2,457.00	2,948.40
Total	4,914.00	-	-	4,914.00	1,965.60	-	491.40	-	-	2,457.00	2,457.00	2,948.40
Previous Year	4,914.00	-	-	4,914.00	1,474.20	-	491.40	-	-	1,965.60	2,948.40	3,439.80

13.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹ 2.26 Lakhs (Previous Year ₹ 85.45 Lakhs) and ₹ 1.59 Lakhs paid to Govt of Telangana for plant located at Sadashivpet.

13.2. Additions to Plant & Equipments during the year include ₹349.47 Lakhs (Previous Year ₹ 300.47 Lakhs) foreign exchange loss arising on account of restatement of foreign currency loan.

13.3. Land & Buildings

- Includes 5 acres, the possession of which is yet to be taken, title under dispute.
- Excludes value of 33.35 acres, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained.
- Excludes value of 14.06 acres pending completion of alienation and handing over possession by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.
- Includes value of 340.11 acres (104 cases) in possession of the Company pending registration.

14. Non Current Investments - Unquoted (At Cost):

Particulars	March 31, 2016		March 31, 2015	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Long Term				
Trade Investments				
In Subsidiaries				
In Equity Shares of ₹ 10/- each fully paid up				
Jaiprakash Engineering and Steel Company Limited ¹	2,25,61,693	2,256.17	2,25,61,693	2,256.17
In Equity Shares of Euros 100 each fully paid up				
Nagarjuna Industrial Services and Investments Private Limited	50,000	3,037.50	50,000	3,037.50
Total - (A)		5,293.67		5,293.67
In Associates				
In Equity Shares of ₹ 10/- each fully paid up				
Nagarjuna Agricultural Research and Development Institute	25,020	2.50	25,020	2.50
KVK Raju International Leadership Academy	1,50,000	15.00	1,50,000	15.00
Total - (B)		17.50		17.50
Total - (A+B)		5,311.17		5,311.17
Less: Provision for diminution (Refer Note No.29.2)		3,507.88		2,695.64
		1,803.29		2,615.53
Aggregate cost of Quoted Investments		-		-
Aggregate cost of Un-Quoted Investments		5,311.17		5,311.17
Aggregate Market Value of Quoted Investments		-		-

¹ pledged with lenders (Refer Note 6.2.2)

Notes forming part of the financial statements for the year ended March 31, 2016

14.1. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 548.70 acres of land, the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2016.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

Government of Karnataka has passed order No. CI 175 SPI 2011 dated November 11, 2013 cancelling the Land Allotment made stating that JESCO has not implemented the approved projects and also advised KIADB to resume the balance land. JESCO has filed a writ petition in the Hon'ble High Court of Karnataka challenging the above cited GO and the Hon'ble High Court of Karnataka has prohibited the Government of Karnataka from dispossessing the land in possession of JESCO.

In view of the above, it is considered prudent to provide for diminution in the carrying amount of this investment to the extent of ₹ 460.00 Lakhs, based on the net worth of JESCO as at March 31, 2016.

15. Loans and Advances:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital Advances				
Secured (considered good)	16.50	-	-	-
Unsecured (considered good)	725.24	271.87	-	-
Total - (A)	741.74	271.87	-	-
Loans and Advances - Unsecured (considered good)				
Security Deposits	750.71	652.50	186.27	121.23
Loans and advances to related parties	1,118.80	879.21	37.55	-
Advance Recoverable in Cash or in Kind	-	-	3,362.48	5,240.43
Advance Income Tax (net of provision for taxation ₹ 17,493.40 Lakhs (Previous year ₹ 17,493.40 Lakhs))	-	-	459.69	334.33
Prepaid Expenses	5.71	4.59	1,471.74	1,194.02
Loans to Employees	-	-	3.41	3.41
Balance with Customs Authorities	-	0.15	36.25	36.98
Claims receivable	-	-	15.78	4.41
Total - (B)	1,875.22	1,536.45	5,573.17	6,934.81
Loans and Advances - Unsecured (considered doubtful)				
Loans and advances to related parties (Refer Note 29.2.1)	-	-	2,852.31	2,852.31
Advance Recoverable in Cash or in Kind	-	-	362.11	362.11
	-	-	3,214.42	3,214.42
Less: Provision for Doubtful advances	-	-	3,214.42	3,214.42
Total - (C)	-	-	-	-
Total (A+B+C)	2,616.96	1,808.32	5,573.17	6,934.81

16. Inventories:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Raw materials	1,067.36	851.58
Work in process	149.85	357.70
Finished Goods - Manufactured goods	7,121.81	2,680.16
Stock In Transit - Manufactured goods	1,165.07	828.56
Traded goods	10,157.05	8,731.30
Stock In Transit - Traded goods	48.66	36.70
Packing materials	649.77	739.22
Stores and Spares	2,445.95	2,245.70
Loose tools	10.20	9.50
Total	22,815.72	16,480.42

Notes forming part of the financial statements for the year ended March 31, 2016

17. Trade Receivables: (Unsecured) (Refer Note 17.1)

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Debts outstanding over six months		
Considered good	19,645.68	15,383.80
Considered doubtful	963.68	814.19
Other debts considered good	1,79,353.76	91,653.17
	1,99,963.12	1,07,851.16
Less: Provision for doubtful debts	963.68	814.19
Total	1,98,999.44	1,07,036.97

17.1. Includes subsidy and other dues ₹ 1,66,489.41 Lakhs (Previous Year ₹ 77,387.24 Lakhs) from Government of India and ₹ 12,368.25 Lakhs (Previous Year ₹ 8,685.95 Lakhs) from State Governments.

18. Cash and Cash equivalents

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Balances with Banks		
Earmarked balances with Banks		
In Term Deposits (Refer Note 18.1)	824.00	393.80
In Current Accounts		
Unclaimed Dividend	656.84	658.87
Other Current Accounts	458.49	266.34
Cheques, drafts on hand	1,685.12	1,949.47
Cash on hand	16.85	14.17
	3,641.30	3,282.65
Other Bank Balances in Deposit Accounts		
Margin Money Deposits	5,761.26	4,496.71
Margin Money Deposits with maturity beyond 12 months	33.69	28.47
Total	9,436.25	7,807.83

18.1. Amount deposited towards 15% of the portion of the debentures redeemable by March 31, 2016 in pursuance of Notification issued by Ministry of Corporate Affairs, vide Circular No. 04/2013, dated February 11, 2013.

19. Other Assets:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Interest Accrued on Deposits	506.21	247.64
Unbilled Revenue	5.59	3.34
Total	511.80	250.98

20. Revenue from Operations:

₹ in Lakhs

Particulars	2015-16	2014-15
Sales, including Subsidy on products		
Manufactured goods		
Urea (Refer Note 20.1) *	2,55,861.18	1,23,895.14
Ammonia	-	899.32
Customised Fertilizers	2,464.41	493.37
Wind Energy	480.02	657.62
Extruded Irrigation systems	14,070.44	18,557.81
Total - A	2,72,876.05	1,44,503.26
Traded goods		
Pool Urea	53,398.63	67,437.92
Specialty Fertilizers	11,771.15	11,421.72
Others	27,616.03	29,312.59
Total - B	92,785.81	1,08,172.23
Sale of Products	Total - (A+B)	3,65,661.86
Sale of Services - Manpower	1,027.56	805.83
Other Operating revenues (sale of scrap, etc.)	212.63	264.76
Total	3,66,902.05	2,53,746.08

* including Government Subsidy ₹ 1,87,890.27 Lakhs (Previous Year ₹ 74,394.78 Lakhs)

Notes forming part of the financial statements for the year ended March 31, 2016

20.1. Group Concession Scheme – (GCS) Subsidy

Nitrogenous fertilizers (Urea) are under the Group Concession Subsidy Scheme of Government of India, Department of Fertilizers. For the financial year 2015-16, Modified NPS-III Policy was applicable till May 31, 2015. Further GOI has notified New Urea Policy (NUP) -2015 and Gas Pooling Policy applicable to Fertilizer industry effective from June 1, 2015. Concession rates for Plant-1 and Plant-2 for the period April 1, 2015 to March 31, 2016 have been recognized based on notified rates as per respective policies. Further, the input de-escalation aggregating to ₹ 8,325.15 Lakhs (Previous Year escalation ₹11,594.05 Lakhs) including reimbursement of additional fixed cost of ₹ 4,181.10 Lakhs (Previous Year ₹ 3,223.04 Lakhs) at ₹ 350/- per MT and ₹ 3,424.41 Lakhs (Previous year ₹ Nil) at ₹ 2,300/- per MT towards production beyond reassessed capacity, have been recognised during the year as per the prices and provisions applicable under NPS III and Modified NPS-III, based on the Management estimates since the same were not notified under NUP 2015.

Adjustments, if any, shall be considered in the year in which final notifications are received.

21. Other Income:

₹ in Lakhs

Particulars	2015-16	2014-15
Interest on Bank Deposits and others	810.16	573.51
Other non-operating income (Refer Note 21.1)	2,039.23	3,507.85
Profit on sale of assets	-	18.07
Total	2,849.39	4,099.43

21.1. The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, for the period April 1, 2014 to July 31, 2014. As directed by the Central Government, excess remuneration paid to Mr. K S Raju and Mr. K Rahul Raju for the said period ₹ 8.79 Lakhs and ₹ 8.14 Lakhs respectively recovered from them is included herein.

22. Cost of Materials consumed:

₹ in Lakhs

Particulars	2015-16	2014-15
Natural Gas	1,01,450.86	45,286.22
Plastic Granules	5,503.90	7,429.49
PVC resin	1,348.17	2,674.63
Others	2,099.78	576.17
Packing Material	5,031.59	3,896.04
Total	1,15,434.30	59,862.55

23. Purchases of Traded Products:

₹ in Lakhs

Particulars	2015-16	2014-15
Pool Urea	54,029.60	71,238.14
Specialty Fertilizers	9,002.83	7,525.40
Packing Material	219.64	1,200.18
Others	24,112.12	26,721.52
Total	87,364.19	1,06,685.24

24. (Increase) / Decrease in Stock:

₹ in Lakhs

Particulars	2015-16	2014-15
Inventories at the end of the year		
Traded goods	10,205.71	8,768.00
Finished Goods	8,286.89	3,508.72
Work in Process	149.85	357.70
Total - (A)	18,642.45	12,634.42
Inventories at the beginning of the year		
Traded goods	8,768.00	17,785.13
Less: Purchase Returns during the year	-	(12,001.15)
Finished Goods	3,508.72	1,730.58
Work in Process	357.70	81.84
Total - (B)	12,634.42	7,596.40
Total - (A-B)	(6,008.03)	(5,038.02)

Notes forming part of the financial statements for the year ended March 31, 2016

25. Employee Benefits Expense:

₹ in Lakhs

Particulars	2015-16	2014-15
Salaries and Wages	12,530.58	11,756.86
Contribution to Provident and Other Funds	1,182.49	1,017.28
Staff Welfare Expenses	1,022.54	998.89
Total	14,735.61	13,773.03

25.1. The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, among others, for the period August 1, 2014 to July 31, 2017. The remuneration paid during the year to Mr.K.S.Raju and Mr. K.Rahul Raju is in anticipation of the said approval. Approval is also awaited from Central Government for the managerial remuneration paid for the period August 1, 2014 to March 31, 2015.

25.2. The disclosure required under Accounting Standard 15 "Employee Benefits" is given below.

Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees including whole time directors. Under the plans the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall if any, shall be provided for by the Company

Contributions to these Defined Contribution Plans, charged to Statement of Profit and Loss during the year are as under:

₹ in Lakhs

Particulars	2015-16	2014-15
Employer's contribution to Provident Fund	307.20	328.91
Employer's contribution to Superannuation Fund	524.82	503.68
Employer's contribution to Pension Scheme	199.89	164.94

Defined Benefit Plans

The employees' gratuity fund and leave encashment (PL) schemes managed by Life Insurance Corporation of India are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

A. Gratuity

Details of the Company's post retirement gratuity plans for its employees including whole time directors are given below, which is certified by the actuary and relied upon by the auditors:

a. Reconciliation of opening and closing balance of Defined Benefit Obligation

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Defined Benefit obligation at beginning of the year	1,839.97	2,193.52
Current Service Cost	144.00	220.84
Interest Cost	132.86	175.30
Actuarial (gain) / loss	234.67	(638.18)
Past service cost	-	-
Benefits paid	286.45	111.51
Defined Benefit Obligation at year end	2,065.05	1,839.97

b. Reconciliation of opening and closing balance of fair value of plan assets

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Fair value of plan assets at beginning of the year	2,138.47	1,904.94
Expected return on plan assets	195.28	189.74
Actuarial gain / (loss)	(4.38)	(189.74)
Employer contribution	425.42	345.04
Benefits paid	286.45	111.51
Fair value of plan assets at year end	2,468.34	2,138.47

Notes forming part of the financial statements for the year ended March 31, 2016

c. Reconciliation of fair value of assets and obligations

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Fair value of plan assets	2,468.34	2,138.47
Present value of obligation	2,065.05	1,839.97

d. Expenses recognized during the year under the head "Employee Benefits Expense"

₹ in Lakhs

Particulars	2015-16	2014-15
Current service Cost	144.00	220.84
Interest Cost	132.86	175.30
Expected return on plan assets	(195.28)	(189.74)
Actuarial (gain) / loss	239.05	(448.44)
Past Service Cost	-	-
Net cost	320.63	(242.04)

e. Investment Details

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
L.I.C. Group Gratuity (Cash Accumulation) Policy	100%	100%
Amount (₹ In Lakhs)	2,468.34	2,138.47

f. Actuarial assumption

Mortality Table of L.I.C.

Particulars	March 31, 2016	March 31, 2015
Discount rate (per annum)	7.46%	7.83%
Expected rate of return on plan assets (per annum)	8.48%	9.00%
Rate of escalation in salary (per annum)	6.00%	6.00%

The estimate of rate of escalations in salary considered in actuarial valuation, takes in to account inflation, length of service and other relevant factors.

- B. The liability for compensated absences (Earned leave and Sick leave) ₹ 1,584.47 Lakhs (Previous Year ₹ 1,539.93 Lakhs) has been actuarially determined and provided for in the books. The liability for earned leave has been funded through NFCL New Group Leave Encashment Policy managed by LIC.

26. Finance cost:

₹ in Lakhs

Particulars	2015-16	2014-15
Interest Expense		
Term Loans	5,973.14	2,227.03
Debentures	1,263.48	1,562.76
Short term borrowings	18,187.24	16,556.67
Other borrowing costs	7,517.39	2,979.87
Interest on shortfall in payment of Advance Tax	-	319.47
Total	32,941.25	23,645.80

Notes forming part of the financial statements for the year ended March 31, 2016

27. Other Expenses:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Catalysts charge	1,261.72	25.77
Chemicals and consumables	1,075.96	890.40
Conversion Charges	121.15	-
Excise Duty on Inventory	54.26	4.54
Rent	853.52	875.53
Rates and Taxes	447.21	727.57
Electricity and Water	192.91	191.81
Stores and Spares Consumed	972.35	1,123.73
Repairs and Maintenance		
Buildings	128.06	135.04
Plant and Machinery	914.59	876.17
Others	743.34	1,118.05
Insurance	564.69	488.26
Printing and Stationery	101.59	101.62
Postage, Telephone and Telex	230.23	249.07
Travelling and Conveyance	1,407.44	1,442.89
Advertisement and Publicity	889.19	737.86
Employee Recruitment and Training	37.85	48.11
Legal, Secretarial and Share Registry	533.99	571.82
Professional and Consultancy	2,521.62	1,387.01
Directors Sitting Fees	17.23	12.81
Loss on Sale of Assets / Assets discarded	177.08	-
Auditors' remuneration (Refer Note 34)	109.27	98.84
Corporate Social Responsibility Expenditure	73.75	86.22
Transport and Handling	22,422.51	14,821.49
Distribution	1,097.90	779.33
Sales Commission / discounts / rebates	968.59	780.95
Bad Debts / Advances written off	329.11	2,927.64
Provision for doubtful debts / advances	149.49	846.17
Provision for Damaged stock	407.25	-
Loss on foreign currency transactions	210.05	312.44
Miscellaneous	2,075.68	676.45
Total	41,089.58	32,337.59

Notes forming part of the financial statements for the year ended March 31, 2016

28. Details of Capital and Revenue expenditure incurred on Research and Development included under fixed assets, employee benefits expense, other expenses and finance cost are as below: ₹ in Lakhs

Particulars	2015-16	2014-15
A. Capital Expenditure		
Plant and equipments, Computers, Buildings etc.,	24.48	75.87
Total	24.48	75.87
B. Revenue Expenditure		
Salaries and Wages	732.29	652.90
Contribution to Provident and Other funds	75.49	71.21
Staff welfare	52.34	56.31
Electricity and Water	47.65	52.63
Chemicals and Consumables	76.26	50.91
Professional Charges	122.37	73.78
Depreciation	130.43	140.58
Finance cost	12.86	15.45
Others	272.96	248.09
Total	1,522.65	1,361.86
Grand Total	1,547.13	1,437.73

- 28.1. Out of the above expenditure, ₹ 1,008.02 Lakhs (Previous Year ₹ 905.09 Lakhs) is eligible for weighted deduction u/s 35 (2AB) of Income Tax Act, 1961 as per the Guidelines of Department of Scientific and Industrial Research.

29. Exceptional and Extra-ordinary items:

29.1. Exceptional Items ₹ in Lakhs

	2015-16	2014-15
Loss on Sale of Assets / Assets discarded	-	3,510.52
Legal & Professional Charges (Stage-III & Super revamp)	-	833.84
Total	-	4,344.36

29.2. Extra-ordinary Items ₹ in Lakhs

	2015-16	2014-15
Provision for doubtful advances (Refer Note 29.2.1)	-	2,852.31
Provision for diminution in value of Investment (Refer Note 29.2.1)	812.24	2,678.14
Impairment Loss (Refer Note 29.2.2)	-	3,184.62
Total	812.24	8,715.07

- 29.2.1. During the year, the Company has made a provision for doubtful advances of ₹ Nil (Previous year ₹ 2,852.31 Lakhs) and for diminution of ₹ 352.24 Lakhs (Previous year ₹ 2,678.14 Lakhs) in the value of its investment in the share capital of its subsidiary Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) taking into consideration the net worth of the said subsidiary company.

As explained in Note 14.1, a provision of ₹ 460.00 Lakhs has been made for diminution in the carrying amount of the company's investment in its subsidiary Jaiprakash Engineering and Steel Company Limited.

- 29.2.2. Considering the operating results of the business and the prospects of viable economic returns from the wind power business, the Board had during the year 2014-15, taken a decision to dispose of wind power assets. Pursuant to the decision, Company had obtained a purchase proposal from a prospective buyer. Based on the purchase consideration offered and the expected cash generated from the business, the excess carrying value of windmill assets at ₹ 3,184.62 Lakhs was recognised as impairment loss in 2014-15. On a review of existing provision, the Company is of the opinion that the same is adequate as at March 31, 2016.

30. Contingent Liabilities and Commitments:

30.1. Contingent Liabilities not provided for:

30.1.1. Counter guarantees given to Bankers in respect of Bank guarantees ₹ 1,882.94 Lakhs (Previous year ₹ 1,606.84 Lakhs).

30.1.2. Income Tax matters under disputes ₹ 36.31 Lakhs (Previous year ₹ 36.31 Lakhs).

30.1.3. Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained.

30.1.4. Claims against the Company not acknowledged as debts ₹ 12,680.62 Lakhs (Previous year ₹ 4,893.41 Lakhs).

30.2. Commitments:

30.2.1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 356.17 Lakhs (Previous year ₹ 905.50 Lakhs).

Notes forming part of the financial statements for the year ended March 31, 2016

30.2.2. In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of ₹ 100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs.

31. Segment Reporting:

The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation business. The financial results of Micro Irrigation segment, Wind Energy segment and Agri Informatic Services segment are less than the threshold limit prescribed for separate disclosure in Accounting Standard 17, and therefore, have not been shown separately.

32. Related party transactions: (Disclosures as required by AS 18 - Related Party Disclosures)

32.1. List of related parties and their relationships

Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (NIS IPL)

Step down Subsidiaries

- (i) Spawnt Private S.a.r.l, Luxembourg

Associates

- (i) Nagarjuna Agricultural Research and Development Institute
- (ii) KVK Raju International Leadership Academy

Key Management Personnel

- (i) Mr.K.S.Raju, Chairman
- (ii) Mr.K.Rahul Raju, Managing Director

Relatives of Key Management Personnel.

- (i) Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)
- (ii) Smt. K Lakshmi Raju (Sister of Shri K S Raju)

Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

Enterprises significantly influenced by Key Management personnel or their relatives

- (i) Nagarjuna Agrichem Limited
- (ii) Nagarjuna Oil Refinery Limited
- (iii) Nagarjuna Impex Private Limited
- (iv) Nagarjuna Foundation

32.2 Related party transactions during the year ended March 31, 2016 are as under:

₹ in Lakhs

Nature of transaction	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
Advances given				
Nagarjuna Industrial Services and Investments Private Limited	37.55 (636.54)	- -	- -	- -
Nagarjuna Oil Refinery Limited	- -	- -	- -	239.60 (492.39)
Interest income				
Nagarjuna Industrial Services and Investments Private Limited	0.43 -	- -	- -	- -
Remuneration				
Shri K S Raju	- -	71.18 (69.16)	- -	- -
Shri K Rahul Raju	- -	70.06 (69.16)	- -	- -

Notes forming part of the financial statements for the year ended March 31, 2016

₹ in Lakhs

Nature of transaction	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
Recovery of remuneration				
Shri K S Raju	-	8.79	-	-
	-	-	-	-
Shri K Rahul Raju	-	8.14	-	-
	-	-	-	-
Provision for diminution in the value of investment				
Nagarjuna Industrial Services and Investments Private Limited	352.24 (2,678.14)	- -	- -	- -
Jaiprakash Engineering and Steel Company Limited	460.00	-	-	-
	-	-	-	-
Rent paid				
Shri K Rahul Raju	-	589.11	-	-
	-	(553.39)	-	-
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	-	-	-	-
	-	-	(19.32)	-
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	-	-	30.07	-
	-	-	(29.66)	-
Nagarjuna Impex Private Limited	-	-	-	20.53
	-	-	-	(20.24)
Nagarjuna Agrichem Limited	-	-	-	6.00
	-	-	-	(6.74)
Corporate Social Responsibility (Donation)				
Nagarjuna Foundation	-	-	-	73.75
	-	-	-	(80.00)

Note: Figures in brackets represent previous year transactions.

32.3 Balances outstanding at the year end March 31, 2016.

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Management Personnel	Relatives to Key Management Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
Loans and Advances					
Nagarjuna Industrial Services and Investments Private Limited	2,889.86 (2,852.31)	- -	- -	- -	- -
Nagarjuna Oil Refinery Limited	-	-	-	-	1,118.80
	-	-	-	-	(879.21)
Investments					
Nagarjuna Industrial Services and Investments Private Limited	3,037.50 (3,037.50)	- -	- -	- -	- -
Jaiprakash Engineering and Steel Company Limited	2,256.17 (2,256.17)	- -	- -	- -	- -
Nagarjuna Agricultural Research and Development Institute	-	2.50	-	-	-
	-	(2.50)	-	-	-
KVK Raju International Leadership Academy	-	15.00	-	-	-
	-	(15.00)	-	-	-

Notes forming part of the financial statements for the year ended March 31, 2016

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
Provision for diminution in the value of investment	3,490.38 (2,678.14)	17.50 (17.50)	- -	- -	- -
Interest receivable from Nagarjuna Industrial Services and Investments Private Limited	0.43 -	- -	- -	- -	- -
Rental and other deposits with Smt. K Lakshmi Raju (Sister of Shri K S Raju)	- -	- -	- -	0.75 (0.75)	- -
Nagarjuna Agrichem Limited	- -	- -	- -	- -	0.40 (0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	- -	- -	- -	85.00 (85.00)	- -
Nagarjuna Impex Private Limited	- -	- -	- -	- -	5.00 (5.00)
Shri.K Rahul Raju	- -	- -	246.26 -	- -	- -
Rental deposits from Nagarjuna Agrichem Limited	- -	- -	- -	- -	0.21 (0.21)
Trade Payables Shri.K Rahul Raju	- -	- -	108.07 (116.38)	- -	- -
Nagarjuna Impex Private Limited	- -	- -	- -	- -	1.57 (1.53)
Other Current Liabilities Shri K S Raju	- -	- -	3.67 (6.82)	- -	- -
Shri K Rahul Raju	- -	- -	4.39 (11.64)	- -	- -

Note: Figures in brackets represent previous year transactions.

33. Earnings per Share:

Particulars	Unit of Measurement	2015-16	2014-15
Net (Loss) after tax	(₹ in Lakhs)	(11,401.36)	(36,662.60)
Number of Equity shares (fully paid up)	(Numbers)	59,80,65,003	59,80,65,003
Earnings per share – Basic & Diluted (Face value of ₹ 1/- per share)	[1] / [2]	(1.91)	(6.13)

Note: The Company has no dilutive instruments as at March 31, 2016, as such dilutive earnings per share equals to Basic Earnings per share.

34. Auditors' Remuneration:

Fee towards:	2015-16*	2014-15*
Statutory Audit	57.25	44.94
Tax Audit	8.59	8.43
Limited Review	17.12	16.86
Certification and other Services	20.69	22.99
Reimbursement of Expenses	5.62	5.62
Total	109.27	98.84

*Inclusive of Service Tax ₹ 13.61 Lakhs (Previous year ₹ 10.87 Lakhs)

Notes forming part of the financial statements for the year ended March 31, 2016

35. Cost of Materials Consumed:

Particulars	2015-16		2014-15	
	%	Value (₹ in Lakhs)	%	Value (₹ in Lakhs)
Imported	0	416.81	1	594.17
Indigenous	100	1,15,017.49	99	59,268.38
Total	100	1,15,434.30	100	59,862.55

36. Value of Stores and Spares Consumed:

Particulars	2015-16		2014-15	
	%	Value (₹ in Lakhs)	%	Value (₹ in Lakhs)
Imported	10	99.87	10	273.27
Indigenous	90	865.60	90	2,556.42
Total	100	965.47	100	2,829.69

37. CIF value of Imported Goods:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Spares	776.37	1,244.97
Traded Products	7,357.71	7,086.73
Capital Goods	1,840.91	297.42
Total	9,974.99	8,629.12

38. Expenditure in Foreign Currency:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Professional and Consultancy	1,989.32	1,224.38
Travel and Conveyance	85.11	109.18
Interest	311.09	384.16
Branch expenses	5.02	67.02
Others	61.33	54.99
Total	2,451.87	1,839.73

39. Earnings in Foreign Currency:

Particulars	₹ in Lakhs	
	March 31, 2016	March 31, 2015
Services	956.01	705.27
Interest income	0.43	-
Total	956.44	705.27

40. Particulars of Loans and Advances in the nature of Loans as required by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the company	Balance as at		Maximum outstanding during	
	March 31, 2016	March 31, 2015	2015-16	2014-15
A Subsidiaries				
Nagarjuna Industrial Services and Investments Private Limited	2,889.86	2,852.31	2,889.86	2,852.31
B Associates				
Nagarjuna Oil Refinery Limited *	1,118.80	879.21	1,118.80	879.21
C Advances in the nature of Loans where there is no repayment schedule				
Nagarjuna Industrial Services and Investments Private Limited	2,852.31	2,852.31	2,852.31	2,852.31
Nagarjuna Oil Refinery Limited *	1,118.80	879.21	1,118.80	879.21
D Advances in the nature of Loans where no interest is charged or interest is below section 186 of the Companies Act, 2013				
Nagarjuna Industrial Services and Investments Private Limited	2,852.31	2,852.31	2,852.31	2,852.31
Nagarjuna Oil Refinery Limited *	1,118.80	879.21	1,118.80	879.21
E Advances in the nature of Loans to firms / companies in which directors are interested:	Nil	Nil	Nil	Nil

* Pursuant to the Composite Scheme of Arrangement and Amalgamation

Notes forming part of the financial statements for the year ended March 31, 2016

41. Particulars of Loans, Guarantees or Investments in accordance with Section 186 of the Companies Act, 2013 Loans, Guarantees given or Investments made during the Financial Year 2015-16

₹ in Lakhs

Nature of the entity	Related	₹ Lakhs	Particulars of Loans Guarantees given or Investments made	Purpose for which the loans, guarantees and investments are proposed to be utilised
Nagarjuna Industrial Services and Investments Private Limited	Wholly owned subsidiary	37.55	Loan	For day to day operation
Nagarjuna Oil Refinery Limited	Enterprises significantly influenced by Key Management personnel	239.60	Loan	For day to day operations in terms of Composite Scheme of Arrangement and Amalgamation.

42. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below: (as mandated by the Institute of Chartered Accountants of India in its announcement dated 05.12.2005)

₹ in Lakhs

Particulars	Currency	March 31, 2016		March 31, 2015	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Sundry Debtors	USD	6,91,934	458.98	2,61,952	163.96
Cash and Bank Balances	USD	-	-	2,012	1.26
	KES	-	-	68,027	0.47
	SGD	-	-	11,527	5.24
Advances receivables	USD	-	-	440	0.28
	EUR	4,45,117	334.26	4,35,000	293.67
Loans and advances to related parties	EUR	42,75,000	2,889.86	42,25,000	2,852.31
Interest accrued on advances given	EUR	572	0.43	-	-
Trade Payables	USD	14,402	9.55	-	-
	GBP	26,303	25.01	-	-
	EUR	2,35,280	176.68	-	-
	JPY	2,47,616	1.46	-	-
Borrowings	USD	56,99,765	3,780.82	98,11,993	6,141.41
	EUR	6,85,558	514.82	-	-

43. Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.

44. The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

As per our report of even date attached

for **M. Bhaskara Rao & Co.,**
Chartered Accountants

D. Babu Ragavendra
Partner

Hyderabad
May 12, 2016

K S Raju
Chairman

M Ramakanth
Company Secretary

For and on behalf of the Board

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Nagarjuna Fertilizers and Chemicals Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (here in referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

Attention is invited to following notes to the consolidated financial statements:

- Note 22.1 regarding accounting of subsidy towards reimbursement of additional fixed cost and production beyond reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III and, adjustment of input price escalation / de-escalation as detailed in the said note.
- Note 27.1 regarding Managerial remuneration, for the period from August 01, 2014 to March 31, 2016, which the Company is in the process of obtaining approval from the Central Government.
- Note 34 regarding the financial statements of one of the subsidiaries, Jaiprakash Engineering and Steel Company Limited (JESCO) being drawn up on a going concern basis, despite, the project initially envisaged being shelved and Orders of the Government of Karnataka for dispossessing the land from JESCO, which has been stayed by Hon'ble High Court of Karnataka.

Our opinion is not modified in respect of these matters.

Other Matter

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 63.48 Lakhs as at March 31, 2016, total revenues of ₹ Nil and net cash outflows amounting to ₹ 8.09 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is

disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our Report in “Annexure A”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 31.1 to the Consolidated Financial Statements.
 - ii. The Group did not have any material foreseeable losses relating to long-term contracts including derivative contracts.
 - iii. The Group has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under within time.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

Hyderabad,
May 12, 2016

D. Babu Raghavendra
Partner
Membership No. 213274

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk whether a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary Company which is incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Registration No. 000459S

Hyderabad,
May 12, 2016

D. Babu Raghavendra
Partner
Membership No. 213274

Annexure A to the Independent Auditors’ Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Nagarjuna Fertilizers and Chemicals Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of directors of the Holding Company, its subsidiary company which is incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the “Guidance Note on Audit of Internal Financial Controls over Financial Reporting” issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the “Guidance Note on Audit of Internal Financial Controls over Financial Reporting” (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Consolidated Balance Sheet As At March 31, 2016

₹ in Lakhs

Particulars	Note	As At March 31, 2016		As At March 31, 2015	
I. EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	6	5,980.65		5,980.65	
(b) Reserves and Surplus	7	1,53,190.01	1,59,170.66	1,64,182.17	1,70,162.82
Minority Interest			2.83		2.84
Non-Current Liabilities					
(a) Long-Term Borrowings	8	70,934.96		18,885.21	
(b) Deferred Tax Liabilities (Net)	9	6,838.54		8,446.27	
(c) Other Long Term Liabilities	10	7,384.47		5,279.30	
(d) Long-Term Provisions	11	443.32	85,601.29	374.48	32,985.26
Current Liabilities					
(a) Short-Term Borrowings	12	93,437.41		1,00,259.24	
(b) Trade Payables	13				
(A) Micro, Small, Medium Enterprises (MSMEs)		4.36		-	
(B) Other than MSMEs		1,65,553.99		1,01,249.65	
(c) Other Current Liabilities	14	16,823.58		24,117.94	
(d) Short-Term Provisions	11	127.64	2,75,946.98	297.57	2,25,924.40
Total			5,20,721.76		4,29,075.32
II. ASSETS					
Non-Current Assets					
(a) Fixed Assets	15				
(i) Tangible Assets		2,75,773.24		2,83,264.94	
(ii) Intangible Assets		2,500.93		3,348.72	
(iii) Capital work-in-progress		708.61		307.47	
(b) Non-Current Investments	16	-		-	
(c) Long-term Loans and Advances	17	4,402.24	2,83,385.02	3,599.56	2,90,520.69
Current Assets					
(a) Inventories	18	22,815.72		16,480.42	
(b) Trade Receivables	19	1,98,999.44		1,07,036.97	
(c) Cash and Cash Equivalents	20	9,457.39		7,838.15	
(d) Short-Term Loans and Advances	17	5,551.50		6,947.21	
(e) Other Current Assets	21	512.69	2,37,336.74	251.88	1,38,554.63
Total			5,20,721.76		4,29,075.32
Corporate Information and Significant Accounting Policies	1-3				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.,**
Chartered Accountants

D. Bapu Ragavendra
Partner

K S Raju
Chairman

M Ramakanth
Company Secretary

For and on behalf of the Board

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Hyderabad
May 12, 2016

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

₹ in Lakhs

Particulars	Note	2015-16		2014-15	
Income					
Revenue from Operations					
Sale of Products (including Subsidy)		3,65,661.86		2,52,675.49	
Sale of Services		1,027.56		805.83	
Other Operating Revenues		212.63		264.76	
	22	3,66,902.05		2,53,746.08	
Less: Excise Duty		725.42		593.80	
			3,66,176.63		2,53,152.28
Other Income	23		2,850.38		4,102.30
Total			3,69,027.01		2,57,254.58
Expenses					
Cost of Materials Consumed	24		1,15,434.30		59,862.55
Purchase of Traded Products	25		87,364.19		1,06,685.24
(Increase) / Decrease in Stock	26		(6,008.03)		(5,038.02)
Power and Fuel			86,400.40		39,745.60
Employee Benefits Expense	27		14,743.49		13,776.10
Finance Cost	28		32,942.03		23,649.34
Depreciation and Amortization	15		9,298.73		9,350.50
Other expenses	29		41,517.42		32,348.05
Total			3,81,692.53		2,80,379.36
Loss before exceptional and extra ordinary items and tax			(12,665.52)		(23,124.78)
Exceptional Items	30.1		-		12,392.17
Loss before extraordinary items and tax			(12,665.52)		(35,516.95)
Extraordinary Items	30.2		-		3,184.62
Loss before Tax			(12,665.52)		(38,701.57)
Tax Expense					
(a) Current Tax			0.15		-
(b) Deferred Tax	9		(1,607.73)		499.20
Loss after tax before Minority Interest			(11,057.94)		(39,200.77)
Share of Loss transferred to Minority Interest			0.01		-
Share of Loss from Associate Company			-		-
Loss for the year			(11,057.93)		(39,200.77)
Earnings per equity share of face value of ₹1/- each					
Basic and Diluted	37		(1.85)		(6.55)
Corporate Information and Significant Accounting Policies		1-3			

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.,**
Chartered Accountants

K S Raju
Chairman

D. Bapu Ragavendra
Partner

For and on behalf of the Board

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

Hyderabad
May 12, 2016

M Ramakanth
Company Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Consolidated Cash Flow Statement for the year ended March 31, 2016

₹ in Lakhs

Particulars	2015-16	2014-15
A. Cash Flow from Operating Activities		
Net Profit before Tax	(12,665.52)	(38,701.57)
Adjustments:		
Depreciation/Amortisation	9,298.73	9,350.50
Provision for Impairment	-	3,184.62
Provision for Doubtful Debts / Advances	149.49	846.38
Finance Cost	32,942.03	23,649.34
(Profit) /Loss on sale of assets / assets discarded/assets decapitalised	567.35	1,684.09
Operating Profit before working capital changes	30,292.08	13.36
Movements in working capital:		
Increase/(decrease) in trade payables	58,491.18	2,860.20
Increase/(decrease) in long term provisions	68.84	(1,667.03)
Increase/(decrease) in short term provisions	(169.93)	273.27
Increase/(decrease) in other current liabilities	(862.18)	1,288.79
Increase/(decrease) in other long term liabilities	2,105.17	130.76
Decrease/(increase) in trade receivables	(92,111.96)	25,435.47
Decrease/(increase) in inventories	(6,335.30)	8,640.42
Decrease/(increase) in long term loans and advances	(338.74)	(496.12)
Decrease/(increase) in short term loans and advances	1,515.14	10,159.76
Decrease/(increase) in other current assets	(260.81)	113.91
Cash generated from/(used in) operations	(7,606.51)	46,752.79
Direct Taxes Paid (net of refunds)	(113.64)	(3,615.30)
Net cash flow from operating activities	(7,720.15)	43,137.49
B. Cash Flow from Investing activities		
Purchase of fixed assets and CWIP	(2,386.69)	(2,223.99)
Margin Money Deposits	(1,269.77)	(1,643.85)
Fixed Deposits	(1.28)	(1.14)
Proceeds from Sale of fixed assets	(10.92)	21.73
Foreign Currency Translation Reserve	65.60	27.78
Net cash flow from / (used) in investing activities	(3,603.06)	(3,819.47)
C. Cash flow from Financing activities		
Proceeds from long term borrowings	61,249.47	5,300.47
Increase/(decrease) in Buyers/Suppliers credit	(1,004.14)	(11,195.95)
Repayment of long term borrowings	(15,203.46)	(13,990.00)
Finance Costs paid	(33,368.44)	(22,616.44)
Dividend Paid	(2.03)	(3.09)
Net cash flow used in financing activities	11,671.40	(42,505.01)
Net Increase/(decrease) in cash and Cash equivalents	348.19	(3,186.99)
Cash and cash equivalents as at beginning of the year	3,297.75	6,484.74
Cash and cash equivalents as at end of the year	3,645.94	3,297.75

Accompanying Notes form an integral part of the Financial Statements
As per our report of even date attached

For and on behalf of the Board

for M. Bhaskara Rao & Co.,
Chartered Accountants

K S Raju
Chairman

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

D. Bapu Ragavendra
Partner

Hyderabad
May 12, 2016

M Ramakanth
Company Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

1. Corporate Information:

Kakinada Fertilizers Limited (KFL), was incorporated as a wholly owned subsidiary to Nagarjuna Fertilizers and Chemicals Limited (erstwhile NFCL) in 2009-10 to manufacture, market fertilizers and allied agri inputs. Through a Composite Scheme of Arrangement and Amalgamation (the Scheme), KFL acquired the residual business of erstwhile NFCL and the business of Ikisan Limited effective from April 01, 2011. KFL changed its name to Nagarjuna Fertilizers and Chemicals Limited w.e.f August 19, 2011 as per the Scheme. The financial statements presented herewith for the year ended on March 31, 2016 relates to the combined operations of the Company's Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation businesses.

2. Significant Accounting Policies:

2.1. Principles of Consolidation:

The consolidated financial statements relate to Nagarjuna Fertilizers and Chemicals Limited and its subsidiary companies (together referred to herein as "the Company" or "Group"), and have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and un realised profits or losses on intra group transactions as per Accounting Standards (AS) 21- "Consolidated Financial Statements" notified by the Companies (Accounts) Rules, 2014.
- b) In case of associates where the Company directly or indirectly through its subsidiaries holds more than 20% of Equity, Investments in Associates are accounted under the equity method as per Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounts) Rules, 2014.
- c) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Company, i.e., March 31, 2016.
- d) The excess of the cost to the Company of its investment in the subsidiaries over the Company's share of equity is recognized in the financial statements as Goodwill and tested for impairment annually.
- e) The excess of the Company's share of equity of the subsidiaries on the acquisition date, over its cost of investment is treated as Capital Reserve.
- f) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the Company.

Minority interest in the net assets of consolidated subsidiaries consists of:

- i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
- ii) The minorities' share of movements in the equity since the date the parent subsidiary relationship came into existence.
- g) Minority interest in the net profit / (loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- h) Intra-group balances and intra-group transactions and resulting unrealized profits / losses have been eliminated
- i) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at monthly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in "Foreign Currency Translation Reserve".
- j) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2.2. Investment in subsidiaries and associates not considered for consolidation have been accounted as per Accounting Standard (AS) 13 – "Accounting for Investments" notified by the Companies (Accounts) Rules, 2014.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

3. Other Significant Accounting Policies

3.1. Basis of preparation:

The financial statements of the Company are prepared on accrual basis, under historical cost convention. The Financial Statements of the Company have been prepared in accordance with G.A.A.P in India ("Indian GAAP") to comply with accounting standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act/ the Companies Act, 1956, as applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of the preceding year.

3.2. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3.3. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.4. Operating Cycle

The Company has adopted its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets for processing and their realisation, for the purpose of current / non-current classification of assets and liabilities.

3.5. Fixed Assets:

3.5.1. Tangible Assets: Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take substantial period of time to get ready for their intended use are capitalised.

3.5.2. Intangible Assets: The cost of intangible assets acquired in an Amalgamation in the nature of purchase is stated at fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost as reduced by accumulated amortization and accumulated impairment, if any.

3.6. Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

3.7. Depreciation on Fixed Assets:

3.7.1. Depreciable amount of assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

Depreciation on tangible fixed assets has been provided on the straight line method as per the useful lives prescribed in Schedule II to the Act except in respect of following category of assets, in whose case the life of the assets has been assessed based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, adopted technological changes, maintenance etc.,

Sl. No.	Description	Useful life as per Schedule II of Companies Act 2013	Useful life adopted by the Company
1	Continuous Process Plants	25 years	37 years

Where the cost of a part of an asset is significant to the total cost of that asset and its useful life is determined to be different from the useful life of the remaining asset, depreciation on such part is computed in accordance with its respective useful life.

3.7.2. Intangible assets are amortized over a period of ten years on straight line basis.

3.8. Investments:

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

3.9. Foreign currency transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transaction. Gains and Losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss. Premium or discount arising on forward exchange contracts is recognized in the Statement of Profit and Loss.

Liabilities related to foreign currency transactions incurred to acquire fixed assets remaining unsettled at the end of the year are translated at year end rates. The difference arising on such translation and realized gain or loss is adjusted to the cost of respective fixed asset.

Foreign branches are classified as integral foreign operations. Assets and Liabilities (both monetary and non monetary) are translated at the closing rate at the year end. Income and Expenses are translated at the monthly average rate at the end of the respective month.

The difference in translation of monetary assets and liabilities forms part of an enterprise's net investment in a non-integral foreign operations i.e. Subsidiaries/Associates and realized gains and losses on foreign currency transactions, are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the Investment.

3.10. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time i.e. more than twelve months to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

3.11. Revenue recognition:

Subsidy: Group Concession Price under Group Concession Scheme (GCS) and Equated Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee.

Sale of goods: The Company recognises revenue on sale of products, net of discounts and applicable Taxes i.e., VAT, Sales tax, CST etc., when the product is shipped to customer i.e., when the risks and rewards of ownership are passed on to the customer.

Income from services: The Company recognises income from services, net of service tax, towards supply of manpower in terms of the respective contracts.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

3.12. Grants in Aid:

Grants in Aid received towards meeting revenue expenditure are treated as other income and Grants in Aid received in respect of capital assets are adjusted to cost of respective asset in the relevant financial year.

3.13. Inventories:

The method of valuation of inventories:

3.13.1. Manufactured Products:

- a) Finished goods - at lower of cost and net realisable value.
- b) Work in process - at cost.

Cost - includes material cost, labour, factory overheads and depreciation.

Net realisable value in the case of Urea –

- the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and
- the net sale price in respect of finished goods lying in the warehouses outside the factory.

3.13.2. Traded products - at lower of cost and net realisable value.

3.13.3. Work-in-process, raw materials, stores, spares, packing material and loose tools - at weighted average cost, less provision for depletion in value, if any.

3.14. Employee Benefits:

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits".

3.14.1. Gratuity: In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible Employees. The liability towards gratuity is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of gratuity is covered by a policy with Life Insurance Corporation ('LIC').

3.14.2. Superannuation: The Company makes monthly contribution to an approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond the monthly contribution.

3.14.3. Compensated Absences: Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of compensated absences is covered by a policy with Life Insurance Corporation ('LIC').

3.14.4. Provident Fund: The Company's Contribution towards provident fund, administered and managed by an approved trust, is charged to the Statement of Profit and Loss.

3.15. Research and Development:

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Statement of Profit and Loss in the year in which they are incurred.

3.16. Leases:

The Company's leasing arrangements are mainly in respect of operating leases for premises. The leasing arrangements range from 11 months to 5 years generally and are cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Profit and Loss.

3.17. Taxes:

3.17.1. Current Tax: Provision for current tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.

3.17.2. Deferred Taxes: Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws, enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses under the Tax Laws are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

3.18. Earnings Per Share:

Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

3.19. Provisions, Contingent Liabilities and Contingent Assets:

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements

4. (a) Consolidated Accounts:

The subsidiaries considered in the preparation of these consolidated financial statements are:

Particulars	Country of Incorporation	Percentage of voting power	
		March 31, 2016	March 31, 2015
(i) Nagarjuna Industrial Services and Investments Private Limited (NISIPL)	Mauritius	100.00%	100.00%
(ii) Jaiprakash Engineering and Steel Company Limited	India	99.84%	99.84%
(iii) Spawnt Private S.a.r.l Luxemborg (Wholly owned subsidiary of NISIPL)	Luxemborg	100.00%	100.00%

(b) The details of associates of the Company as defined in Accounting Standard 23 "Accounting for Investments in associates in consolidated financial statements" .

Particulars	Country of Incorporation	Percentage of voting power	
		March 31, 2016	March 31, 2015
(i) Nagarjuna Agricultural Research and Development Institute ¹	India	25.00%	25.00%
(ii) K.V.K.Raju International Leadership Academy ¹	India	42.85%	42.85%

¹The investments in associates are not considered for consolidation as the Companies by law are not allowed to transfer any funds to the investing company. These investments are accounted for in accordance with Accounting Standard 13 – "Accounting for Investments".

5. Composite Scheme of Arrangement and Amalgamation:

The jurisdictional High Courts of Bombay and Andhra Pradesh had approved the Composite Scheme of Arrangement and Amalgamation between the Company, erstwhile Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and Ikisan Limited and their respective shareholders and creditors ('the Scheme') as per the provisions of Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 on June 17, 2011 and June 27, 2011 respectively. The Scheme was made effective on July 30, 2011 but operative from Appointed Date, i.e. April 1, 2011.

Consequent to Scheme becoming effective, the financial statements for the subsequent years have been drawn up incorporating the necessary adjustments as envisaged in the Scheme.

The Bombay Stock Exchange vide letter dated December 14, 2011 approved the application of the Company for listing of the equity shares and the National Stock Exchange vide letter dated January 13, 2012 accorded in-principle approval for listing of the equity shares. These approvals are subject to relaxation by Securities and Exchange Board of India (SEBI) from requirements under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.

An application had been filed by SEBI in the High Court of Bombay at Mumbai to recall / review the Order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The matter had been heard by the Hon'ble High Court of Bombay at Mumbai and dismissed the application filed by SEBI on September 10, 2015 with costs..

The Company, in view of the prolonged delay by SEBI, had also filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

SAT on October 30, 2015 had directed SEBI to pass Orders in relation to the application of the company for seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957. SEBI had filed a Civil Appeal in the Supreme Court of India which on January 22, 2016 dismissed the Civil Appeal filed by SEBI against the Order of SAT.

SEBI had sought two weeks time from the Supreme Court of India to pass Orders on the application of the company seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957 and the same has been granted.

SEBI had filed an appeal before the Division Bench in the High Court of Bombay against the Order of the Single Judge. SEBI at the hearing on February 29, 2016 informed the Hon'ble High Court of Bombay that vide letter dated February 4, 2016 addressed to Bombay Stock Exchange Ltd, SEBI has granted relaxation to the company from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions while at same time requesting the Court that SEBI would continue to maintain the Appeal.

The Company is taking necessary steps to commence trading of equity shares at the earliest.

6. Share Capital:

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Authorised				
Equity Shares of ₹ 1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of ₹1/- each	1,80,00,00,000	18,000.00	1,80,00,00,000	18,000.00
Issued, Subscribed and Paid Up				
Equity Shares of ₹ 1/- each	59,80,65,003	5,980.65	59,80,65,003	5,980.65

6.1.Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 1/- each				
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Add: On allotment during the year			-	-
Balance at the end of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65

6.2. Rights, Preferences and Restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

6.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2016		March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
Equity Shares of ₹ 1/- each				
Amlika Mercantile Private Limited (Refer Note 6.3.1)	12,70,68,520	21.25	12,70,68,520	21.25
Nagarjuna Management Services Private Limited (Refer Note 6.3.1.1)	7,85,92,592	13.14	7,85,92,592	13.14
Nagarjuna Holdings Private Limited (Refer Note 6.3.1.1)	3,46,26,130	5.79	3,46,26,130	5.79
Zuari Global Limited	3,22,67,741	5.40	3,22,67,741	5.40
Baron Properties Private Limited (Refer Note 6.3.1.1)	1,82,98,969	3.06	1,82,98,969	3.06
White Stream Properties Private Limited (Refer Note 6.3.1.1)	30,19,060	0.50	30,19,060	0.50
Nagarjuna Staff Betterment Company Private Limited (Refer Note 6.3.1.2)	87,23,277	1.46	87,23,277	1.46
NFCL Employees Welfare Trust (Refer Note 6.3.2)	2,57,43,525	4.30	2,57,43,525	4.30

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

6.3.1. The Company has received disclosure from Amlika Mercantile Private Limited (Amlika) informing of amalgamation of Nagarjuna Corporation Limited (NCL) with it, pursuant to a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 which was made effective on June 19, 2014.

Pursuant to the amalgamation, following shares held by NCL shall stand vested in Amlika:

6.3.1.1. Shares held by Nagarjuna Management Services Private Limited, Nagarjuna Holdings Private Limited, Baron Properties Private Limited and White Stream Properties Private Limited shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012.

6.3.1.2. Shares held by Nagarjuna Staff Betterment Company Private Limited (NSB) shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Scheme of Amalgamation between NCL and NSB which was approved by the Hon'ble High Court of Bombay at Mumbai on March 22, 2012.

6.3.2. The Company has received disclosure dated July 23, 2014 from Amlika that it had acquired 2,57,43,525 equity shares from NFCL Employees Welfare Trust.

6.3.3. The above Shares totalling to 29,60,72,073 shares i.e. 49.50% shall be transferred in Amlika's name on commencement of trading in company's shares.

6.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of ₹ 1/- each (aggregating to ₹ 5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

7. Reserves and Surplus:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Capital Reserve		
Opening Balance	91,279.09	90,843.26
Add: On account of Consolidation	-	435.83
	91,279.09	91,279.09
Securities Premium Account		
Opening Balance	1,09,619.35	1,09,619.35
Foreign Currency Translation Reserve		
Opening Balance	1,171.07	1,779.83
Add: Effect of Foreign exchange variation during the year	65.77	(608.76)
Closing Balance	1,236.84	1,171.07
Debenture Redemption Reserve (Refer Note 8.1.2.2)		
Opening Balance	2,087.99	2,087.99
General Reserve		
Opening Balance	11,294.57	18,058.64
Less: Depreciation adjustment	-	6,764.07
(Net of Deferred Tax ₹ 562.05 Lakhs) Closing Balance	11,294.57	11,294.57
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(51,269.90)	(12,072.92)
Less: Adjustment on impairment loss	-	3.79
Add: Profit / (Loss) after tax for the year	(11,057.93)	(39,200.77)
Closing Balance	(62,327.83)	(51,269.90)
Total	1,53,190.01	1,64,182.17

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

8. Long Term Borrowings:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
A Non Convertible Debentures of ₹ 100/- each (Secured) (Refer Note 8.1.1 and 14)				
1,53,30,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	-	-	2,715.17
30,00,000 Debentures 14.5% Redeemable Non-convertible of ₹100/- each	-	-	-	360.00
80,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	-	-	264.02
25,00,000 Debentures 15% Redeemable Non-convertible of ₹100/- each	-	-	-	225.00
30,00,000 Debentures 13.25% Redeemable Non-convertible of ₹100/- each	-	-	-	360.00
B Non Convertible Debentures of ₹ 1/- each (Secured) (Refer Note 8.1.2 and 14)				
92,43,91,006 Debentures 10.25% Redeemable Non-convertible of ₹1/- each	3,081.30	6,162.61	3,081.30	3,081.30
	3,081.30	6,162.61	3,081.30	7,005.49
Term Loans (Secured)				
From Banks				
In Rupees (Refer Note 8.2, 8.3 and 14)	57,670.00	500.00	3,730.00	3,977.75
In Foreign Currency (Refer Note 8.4)	2,806.06	3,542.20	947.92	1,833.30
From Others (Refer Note 8.2, 8.5 and 14)				
In Rupees	392.00	552.00	160.00	1,194.99
Corporate Loan (Secured)				
From Banks				
In Rupees (Refer Note 8.6 and 14)	3,599.07	4,400.00	800.00	400.00
Deferred Payment Liabilities (Unsecured) (Refer Note 8.7)				
Sales tax Deferral	3,386.53	3,728.40	832.69	390.71
Total	70,934.96	18,885.21	9,551.91	14,802.24
The above amount includes:				
Secured Borrowings	67,548.43	15,156.81	8,719.22	14,011.53
Unsecured Borrowings	3,386.53	3,728.40	832.69	390.71
Amount disclosed under the head "Other Current Liabilities" (Refer Note 14)	-	-	(9,551.91)	(14,402.24)
Net amount	70,934.96	18,885.21	-	-

8.1. Debentures (Secured):

8.1.1. The Non Convertible Debentures (NCD) of ₹ 100/- each together with accrued interest, remuneration and other expenses thereof are secured by a registered mortgage and an exclusive charge on the Company's immovable property situated at Ahmedabad.

Further secured by an equitable mortgage and a charge on the other immovable and movable properties of the Company in favour of the debenture trustees, save and except stock in trade, book debts given as security to banks for obtaining working capital facilities.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

8.1.1.1. The details of rate of interest and redemption of debentures are as under.

Bank / Institution	No. of Debentures	Effective Rate of interest %	Repayment Schedule
ICICI Bank Limited	1,53,30,000	Ibase +2.25	21 Quarterly Installments commencing from March 2011
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	80,00,000	13.75	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	25,00,000	13.75	41 Structured Quarterly Installments commencing from March 2006
LIC of India	30,00,000	11.50	41 Structured Quarterly Installments commencing from March 2006

8.1.1.2. Details of default in repayment of debentures as at the year end are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
Principal				
IFCI Limited	91 days	163.01	-	-
LIC of India	91 days	180.00	-	-
Interest				
ICICI Bank Limited	-	-	1-31 Days	61.49

8.1.2. The Company had issued 1,00,41,00,000 Non Convertible Debentures of ₹ 1/- each to banks and financial institutions towards settlement of recompense amount determined by the Corporate Debt Restructuring - Empowered Group, which are redeemable in 18th, 30th and 42nd months from the date of exit of CDR package i.e., June 20, 2014 being the date of allotment. The Debentures carry an interest rate of 10.25% per annum.

8.1.2.1. The above NCD's are secured by subservient charge on the fixed assets of the Company.

8.1.2.2. Debenture Redemption Reserve (DRR) available in books is towards redemption of Debentures of ₹ 100/- each and the same is adequate as at the year-end towards the entire debentures outstanding including ₹ 1/- debentures issued during 2014. The reserve standing at ₹ 2,087.99 Lakhs as at March 31, 2016 is retained towards the statutory reserve required at ₹ 1,967.26 Lakhs against the outstanding debentures.

8.1.2.3. Details of default in repayment of 10.25% Non-Convertible Redeemable Debentures of ₹ 1/- each as at the year end are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
Principal				
IFCI Limited	103 days	382.88	-	-
LIC of India	103 days	121.75	-	-
Interest				
IFCI Limited	103 days	133.80	-	-
LIC of India	103 days	31.11	-	-

8.2. Term Loans – In Rupees and in Foreign currency from Banks and Financial institutions:

8.2.1. Term loans availed from banks and financial institutions, together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future ranking pari-passu, inter se, the lenders; a charge created (creation of such charge pending in respect of certain assets) through an equitable mortgage by deposit of title deeds of immovable properties of the Company other than those mentioned in Note 8.1.1, 8.4 and 8.5.
- a second charge on the current assets of the Company ranking pari-passu, inter se, the lenders.

8.2.2. Further secured by pledge of 2,25,61,693 equity shares held in subsidiary company – Jaiprakash Engineering and Steel Company Limited in favour of Banks / Financial Institutions for the term loans availed by the Company.

8.2.3. All the Term Loans from Financial Institutions and Banks, Counter Guarantees from banks are personally guaranteed by Shri K.S.Raju.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

8.2.4. The details of rate of interest and repayment of Term Loans are as under:

₹ in Lakhs

S.No	Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
				Number of Installments	Frequency	Commencing from
Rupee Loans - Bank						
a)	IDBI Bank Limited	BBR +2.25	566.20	41	Quarterly	Mar-06
b)	IDBI Bank Limited	12.40	500.00	20	Quarterly	Oct-11
c)	State Bank of India	14.90	184.50	20	Quarterly	Dec-11
	Total		1,250.70			
Rupee Loans - Institution						
a)	IFCI Limited	13.75	224.01	41	Quarterly	Mar-06
b)	SICOM Limited	11.50	119.02	41	Quarterly	Mar-06
	Total		343.03			

8.2.5. Details of default in repayment of Term Loans and interest, as at the year end, are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
Principal				
ICICI Bank Limited (ECB)	-	-	1 -37 Day	715.85
IFCI Limited	91 days	224.01	-	-
SICOM Limited	91 days	119.02	-	-

8.3. Working Capital Term Loan: In Rupees from Banks

8.3.1. Working Capital Term loans from banks together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future for some of the borrowings ranking pari-passu, inter se, those lenders other than those mentioned in Note 8.4 and 8.5. Charge creation through an equitable mortgage by deposit of title deeds of immovable properties of the Company is in progress ;
- a first charge on the current assets of the Company ranking pari-passu, inter se, the lenders.

8.3.2. Pledge, on pari passu basis, of some of their shares in the company by it's core promoters, which is pending as on the date of the Balance Sheet.

8.3.3. Also personally guaranteed by Shri K.S.Raju and Shri K Rahul Raju.

S.No	Bank	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
				Number of Installments	Frequency	Commencing from
a)	IDBI Bank Limited	BBR +3.00	30,300.00	23	Quarterly	Jul-16
b)	State Bank of India	BBR +3.30	22,200.00	23	Quarterly	Jul-16
c)	ICICI Bank Limited	IBASE +3.30	8,400.00	23	Quarterly	Jul-16
	Total		60,900.00			

8.4. Term Loans – In Foreign Currency from Banks:

8.4.1. Term Loan in Foreign Currency is secured by First charge on Wind power assets situated at Amdhapuram site in Tirunelveli District, Tamilnadu acquired out of the said loan and residual / subservient charge on the current assets of the Company.

8.4.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule
ICICI Bank Limited - HongKong	6 Month Libor +5.80	3,753.98	15 Half Yearly Installments commencing from February, 2012

8.5. Term Loans – In Rupees from Others:

8.5.1. The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

8.5.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule
Department of Bio Technology	2	504.00	10 Semi annual Installments commencing from October 31, 2014
Department of Bio Technology	2	48.00	10 Semi annual Installments commencing from June 30, 2014

8.6. Corporate Loan:

8.6.1 Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking pari-passu with other banks in the consortium and collateral security on the Company's immoveable properties ranking pari-passu with working capital lenders. This loan is personally guaranteed by Shri K.S.Raju.

8.6.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
State Bank of India	13.95	4,499.06	20	Quarterly	Dec-14

8.7. Sales Tax Deferral:

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2016 is ₹ 7,273.44 Lakhs (Previous Year ₹ 7,664.14 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012. There are no overdue installments as at the year end.

9. Deferred Tax Liabilities (Net):

Deferred Tax Liability as at year end in respect of timing differences comprises the following:

₹ in Lakhs

Particulars	Nature	March 31, 2016	March 31, 2015
On account of -			
Depreciation / amortization	Liability	18,099.81	18,398.89
Employee benefit provision	Asset	194.07	228.43
Unabsorbed Business Loss / Depreciation	Asset	8,671.46	6,296.71
Disallowances u/s 43B	Asset	2,395.74	3,393.47
Amalgamation expenses	Asset	0.00	34.01
Total	Net Liability	6,838.54	8,446.27
Charge / (Credit) for the year		(1,607.73)	499.21
Charge / (Credit) to General Reserve		-	(562.05)

10. Other Long Term Liabilities:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Deposits from dealers	7,124.76	5,035.05
Other Deposits - (Retention, EMD etc.)	259.71	244.25
Total	7,384.47	5,279.30

11. Provisions:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits - for Leave Benefit (net of plan assets)	443.32	374.48	127.64	297.57
Total	443.32	374.48	127.64	297.57

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

12. Short Term Borrowings:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Loans repayable on demand		
Secured (Refer Note 12.1)		
From Banks		
In Rupees - Cash Credit	92,674.01	95,579.18
In Rupees - Short Term Loan	80.86	2,993.38
In Foreign Currency - Suppliers / Buyers Credit	682.54	1,686.68
Total	93,437.41	1,00,259.24

12.1. Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares), present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are personally guaranteed by Shri K.S.Raju.

13. Trade Payables:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Trade Payables - Other than Acceptances		
(A) Micro, Small, Medium Enterprises (MSMEs)	4.36	-
(B) Other than MSMEs	1,65,553.99	1,01,249.65
Total	1,65,558.35	1,01,249.65

13.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Principal amount remaining unpaid	4.36	Nil
Interest due thereon	Nil	Nil
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

14. Other Current Liabilities:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Current maturities of long term debt (Refer Note 8)	9,551.91	14,802.24
Unpaid matured Debentures and Interest accrued there on (Refer Note 8.1.1.2 and 8.1.2.3))	1,893.67	1,215.20
Overdue Term Loans (Refer Note 8.2.5)	1,193.72	2,625.60
Interest accrued but not due	71.33	1,003.97
Interest accrued and due (Refer Note 8.2.5)	730.28	224.05
Unclaimed Dividends (Refer Note 14.1)	656.84	658.87
Other payables		
Statutory Payables	1,000.50	1,704.82
Deposits	133.13	195.99
Others	1,414.14	1,583.65
Payable on purchase of fixed assets	178.06	103.55
Total	16,823.58	24,117.94

14.1. There are no amounts due for remittance to the Investor Education Protection Fund as at the Balance Sheet date.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

15. Fixed assets:

₹ in Lakhs

Particulars	Gross Block (At cost)				Depreciation							Net Block		
	As at March 31, 2015	Additions during the year	Additions during the year on account of consolidation (Refer Note 15.4)	Deductions/ Adjustments during the year	As at March 31, 2016	Upto March 31, 2015	Adjusted to Opening Reserves	Opening depreciation on account of consolidation (Refer Note 15.4)	For the year	Deductions/ Adjustments	Impairment for the year (Refer Note 31.2.1)	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets														
Land	1,16,252.39	3.85	-	-	1,16,256.24	-	-	-	-	-	-	-	1,16,256.24	1,16,252.39
Buildings	14,756.05	17.53	-	-	14,773.58	1,932.31	-	-	760.70	-	-	2,693.01	12,080.57	12,823.74
Plant & Equipments	2,02,190.62	1,253.94	-	353.83	2,03,090.73	49,122.22	-	-	7,735.83	175.49	-	56,682.56	1,46,408.17	1,53,068.40
Furniture, Fixtures & Office Equipment	1,876.51	191.37	-	27.91	2,039.97	1,102.49	-	-	228.08	21.94	-	1,308.63	731.34	774.02
Vehicles	419.05	0.18	-	1.96	417.27	251.43	-	-	38.50	1.87	-	288.06	129.21	167.62
Roads, Drains & Culverts	912.82	-	-	-	912.82	780.68	-	-	11.06	-	-	791.74	121.08	132.14
Railway Siding	932.61	-	-	-	932.61	885.98	-	-	-	-	-	885.98	46.63	46.63
Total	3,37,340.05	1,466.87	-	383.70	3,38,423.22	54,075.11	-	-	8,774.17	199.30	-	62,649.98	2,75,773.24	2,83,264.94
Previous Year	3,33,836.86	5,570.03	-	2,066.84	3,37,340.05	35,072.90	7,326.12	-	8,852.49	361.02	3,184.62	54,075.11	2,83,264.94	2,98,763.96
Intangible Assets														
Trade Marks & Services	5,707.25	48.81	-	793.25	4,962.81	2,358.53	-	-	524.56	421.21	-	2,461.88	2,500.93	3,348.72
Total	5,707.25	48.81	-	793.25	4,962.81	2,358.53	-	-	524.56	421.21	-	2,461.88	2,500.93	3,348.72
Previous Year	4,914.00	-	793.25	-	5,707.25	1,474.20	-	386.32	498.01	-	-	2,358.53	3,348.72	3,439.80

15.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹ 2.26 Lakhs (Previous Year ₹ 85.45 Lakhs) and ₹ 1.59 lakhs paid to Govt of Telengana for plant located at Sadashivpet.

15.2. Additions to Plant & Equipments during the year include ₹ 349.47 Lakhs (Previous Year ₹ 300.47 Lakhs) foreign exchange loss arising on account of restatement of foreign currency loan.

15.3. Land & Buildings

- Includes 5 acres, the possession of which is yet to be taken, title under dispute.
- Excludes value of 33.35 acres, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained.
- Excludes value of 14.06 acres pending completion of alienation and handing over possession by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.
- Includes value of 340.11 acres (104 cases) in possession of the Company pending registration

15.4. Represent consolidation of assets of Spawnt Private S.a.r.l, Luxembourg, which became a subsidiary to Nagarjuna Industrial Services and Investments Private Limited during the previous year.

16. Non Current Investments - Unquoted (At Cost):

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Long Term				
In Associates				
In Equity Shares of ₹ 10/- each fully paid up				
Nagarjuna Agricultural Research and Development Institute	25,020	2.50	25,020	2.50
KVK Raju International Leadership Academy	1,50,000	15.00	1,50,000	15.00
Total		17.50		17.50
Less: Provision for diminution in value of Investment		17.50		17.50
Aggregate cost of Quoted Investments		-		-
Aggregate cost of Un-Quoted Investments		17.50		17.50
Aggregate Market Value of Quoted Investments		-		-

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

17. Loans and Advances:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital Advances				
Secured (considered good)	16.50	-	-	-
Unsecured (considered good)	725.24	271.87	-	-
Total - (A)	741.74	271.87	-	-
Loans and Advances - Unsecured (considered good)				
Security Deposits	776.26	678.05	186.27	121.23
Deposit with KIADB - Land	1,759.47	1,759.50	-	-
Loans and advances to related parties	1,118.80	879.21	15.88	12.40
Advance Recoverable in Cash or in Kind	-	-	3,362.48	5,240.43
Advance Income Tax {net of provision for taxation ₹ 17,493.40 Lakhs (Previous year ₹ 17,493.40 Lakhs)}	0.26	6.19	459.69	334.33
Prepaid Expenses	5.71	4.59	1,471.74	1,194.02
Loans to Employees	-	-	3.41	3.41
Balance with Customs Authorities	-	0.15	36.25	36.98
Claims Receivable	-	-	15.78	4.41
Total - (B)	3,660.50	3,327.69	5,551.50	6,947.21
Loans and Advances - Unsecured (considered doubtful)				
Loans and advances to related parties	-	-	-	-
Advance Recoverable in Cash or in Kind	-	-	362.11	362.11
	-	-	362.11	362.11
Less: Provision for Doubtful advances	-	-	362.11	362.11
Total - (C)	-	-	-	-
Total - (A+B+C)	4,402.24	3,599.56	5,551.50	6,947.21

18. Inventories:

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Raw materials	1,067.36	851.58
Work in process	149.85	357.70
Finished Goods - Manufactured goods	7,121.81	2,680.16
Stock In Transit - Manufactured goods	1,165.07	828.56
Traded goods	10,157.05	8,731.30
Stock In Transit - Traded goods	48.66	36.70
Packing materials	649.77	739.22
Stores and Spares	2,445.95	2,245.70
Loose tools	10.20	9.50
Total	22,815.72	16,480.42

19. Trade Receivables: (Unsecured) (Refer Note 19.1)

₹ in Lakhs

Particulars	March 31, 2016	March 31, 2015
Debts outstanding over six months		
Considered good	19,645.68	15,383.80
Considered doubtful	963.68	814.19
Other debts considered good	1,79,353.76	91,653.17
	1,99,963.12	1,07,851.16
Less: Provision for doubtful debts	963.68	814.19
Total	1,98,999.44	1,07,036.97

19.1. Includes subsidy and other dues ₹ 1,66,489.41 Lakhs (Previous Year ₹ 77,387.24 Lakhs) from Government of India and ₹ 12,368.25 Lakhs (Previous Year ₹ 8,685.95 Lakhs) from State Governments.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

20. Cash and Cash equivalents:

Particulars	₹ in Lakhs	
	March 31, 2016	March 31, 2015
Balances with Banks		
Earmarked balances with Banks		
In Term Deposits (Refer Note 20.1)	824.00	393.80
In Current accounts		
Unclaimed Dividend	656.84	658.87
Other Current accounts	463.13	281.44
Cheques, drafts on hand	1,685.12	1,949.47
Cash on hand	16.85	14.17
	3,645.94	3,297.75
Other Bank Balances		
Deposits with original maturity more than twelve months	16.50	15.22
Margin Money Deposits	5,761.26	4,496.71
Margin Money Deposits with maturity beyond 12 months	33.69	28.47
Total	9,457.39	7,838.15

20.1. Amount deposited towards 15% of the portion of the debentures redeemable by March 31, 2016 in pursuance of Notification issued by Ministry of Corporate Affairs, vide Circular No. 04/2013, dated February 11, 2013.

21. Other Assets:

Particulars	₹ in Lakhs	
	March 31, 2016	March 31, 2015
Interest Accrued on Deposits	507.10	248.54
Unbilled Revenue	5.59	3.34
Total	512.69	251.88

22. Revenue from operations:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Sales, including Subsidy on products		
Manufactured goods		
Urea (Refer Note 22.1) *	2,55,861.18	1,23,895.14
Ammonia	-	899.32
Customised Fertilizers	2,464.41	493.37
Wind Energy	480.02	657.62
Extruded Irrigation systems	14,070.44	18,557.81
Total - (A)	2,72,876.05	1,44,503.26
Traded goods		
Pool Urea	53,398.63	67,437.92
Specialty Fertilizers	11,771.15	11,421.72
Others	27,616.03	29,312.59
Total - (B)	92,785.81	1,08,172.23
Sale of Products	Total - (A+B)	3,65,661.86
Sale of Services - Manpower	1,027.56	805.83
Other Operating revenues (sale of scrap, etc.)	212.63	264.76
Total	3,66,902.05	2,53,746.08

* including Government Subsidy ₹ 1,87,890.27 Lakhs (Previous Year ₹ 74,394.78 Lakhs)

22.1. Group Concession Scheme – (GCS) Subsidy

Nitrogenous fertilizers (Urea) are under the Group Concession Subsidy Scheme of Government of India, Department of Fertilizers. For the financial year 2015-16, Modified NPS-III Policy was applicable till May 31, 2015. Further GOI has notified New Urea Policy (NUP) -2015 and Gas Pooling Policy applicable to Fertilizer industry effective from June 1, 2015. Concession rates for Plant-1 and Plant-2 for the period April 1, 2015 to March 31, 2016 have been recognized based on

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

notified rates as per respective policies. Further, the input de-escalation aggregating to ₹ 8,325.15 Lakhs (Previous Year escalation ₹11,594.05 Lakhs) including reimbursement of additional fixed cost of ₹ 4,181.10 Lakhs (Previous Year ₹ 3,223.04 Lakhs) at ₹350/- per MT and ₹3,424.41 Lakhs (Previous year ₹ Nil) at ₹ 2,300/- per MT towards production beyond reassessed capacity, have been recognised during the year as per the prices and provisions applicable under NPS III and Modified NPS-III, based on the Management estimates since the same were not notified under NUP 2015.

Adjustments, if any, shall be considered in the year in which final notifications are received.

23. Other Income:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Interest on Bank Deposits and Others	811.15	574.88
Other non-operating income (Refer Note 23.1)	2,039.23	3,509.35
Profit on sale of assets	-	18.07
Total	2,850.38	4,102.30

23.1. The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, for the period April 1, 2014 to July 31, 2014. As directed by the Central Government, excess remuneration paid to Mr. K S Raju and Mr. K Rahul Raju for the said period ₹ 8.79 Lakhs and ₹ 8.14 Lakhs respectively recovered from them is included herein.

24. Cost of Materials consumed:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Natural Gas	1,01,450.86	45,286.22
Plastic Granules	5,503.90	7,429.49
PVC resin	1,348.17	2,674.63
Others	2,099.78	576.17
Packing Material	5,031.59	3,896.04
Total	1,15,434.30	59,862.55

25. Purchases of Traded Products:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Pool Urea	54,029.60	71,238.14
Specialty Fertilizers	9,002.83	7,525.40
Packing Material	219.64	1,200.18
Others	24,112.12	26,721.52
Total	87,364.19	1,06,685.24

26. (Increase) / Decrease in Stock:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Inventories at the end of the year		
Traded Goods	10,205.71	8,768.00
Finished Goods	8,286.89	3,508.72
Work in Process	149.85	357.70
Total - (A)	18,642.45	12,634.42
Inventories at the beginning of the year		
Traded Goods	8,768.00	17,785.13
Less: Purchase Returns during the year	-	(12,001.15)
Finished Goods	3,508.72	1,730.58
Work in Process	357.70	81.84
Total - (B)	12,634.42	7,596.40
Total - (A-B)	(6,008.03)	(5,038.02)

27. Employee Benefits Expense:

Particulars	₹ in Lakhs	
	2015-16	2014-15
Salaries and Wages	12,538.46	11,759.93
Contribution to Provident and Other Funds	1,182.49	1,017.28
Staff Welfare Expenses	1,022.54	998.89
Total	14,743.49	13,776.10

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

27.1. The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, among others, for the period August 1, 2014 to July 31, 2017. The remuneration paid during the year to Mr.K.S.Raju and Mr. K.Rahul Raju is in anticipation of the said approval.

Approval is also awaited from Central Government for the managerial remuneration paid for the period August 1, 2014 to March 31, 2015.

28. Finance Cost:		₹ in Lakhs	
Particulars	2015-16	2014-15	
Interest Expense			
Term Loans	5,973.14	2,227.03	
Debentures	1,263.48	1,562.76	
Short term borrowings	18,187.24	16,556.67	
Other borrowing costs	7,518.17	2,983.41	
Interest on shortfall in payment of Advance Tax	-	319.47	
Total	32,942.03	23,649.34	

29. Other Expenses:		₹ in Lakhs	
Particulars	2015-16	2014-15	
Catalysts charge	1,261.72	25.77	
Chemicals and consumables	1,075.96	890.40	
Conversion Charges	121.15	-	
Excise Duty on Inventory	54.26	4.54	
Rent	853.52	875.53	
Rates and Taxes	447.24	727.67	
Electricity and Water	192.91	191.81	
Stores and Spares Consumed	972.35	1,123.73	
Repairs and Maintenance			
Buildings	128.06	135.04	
Plant & Machinery	914.59	876.17	
Others	743.34	1,118.05	
Insurance	564.69	488.26	
Printing and Stationery	101.59	101.62	
Postage, Telephone and Telex	230.23	249.07	
Travelling and Conveyance	1,407.44	1,442.89	
Advertisement and Publicity	889.19	737.86	
Employee Recruitment and Training	37.85	48.11	
Legal, Secretarial and Share Registry	533.99	571.82	
Professional and Consultancy	2,527.86	1,391.39	
Directors Sitting Fees	17.23	12.81	
Loss on Sale of Assets / Assets discarded	567.35	-	
Auditors' remuneration	111.50	101.93	
Corporate Social Responsibility Expenditure	73.75	86.22	
Transport & Handling	22,422.51	14,821.49	
Distribution	1,097.90	779.33	
Sales Commission / discounts / rebates	968.59	780.95	
Bad Debts / Advances written off	329.11	2,927.64	
Provision for doubtful debts / advances	149.49	846.17	
Provision for Damaged stock	407.25	-	
Loss on foreign currency transactions	210.05	312.44	
Miscellaneous	2,104.74	679.34	
Total	41,517.41	32,348.05	

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

30. Exceptional and Extra-ordinary items:

30.1. Exceptional Items

Particulars	₹ in Lakhs	
	2015-16	2014-15
Loss on Sale of Assets / Assets discarded	-	3,510.52
Legal & Professional Charges (Stage-III and Super revamp)	-	833.84
Write off advance and investment in Nagarjuna Spawnt GmbH (Refer Note 30.1.1)	-	8,047.81
Total	-	12,392.17

30.1.1. Nagarjuna Spawnt GmbH (NSG) was an associate company of Nagarjuna Industrial Services and Investments Private Limited (NISIPL), a wholly owned overseas subsidiary of Nagarjuna Fertilizers and Chemicals Limited ("the Company"). NSG was declared insolvent during the year 2014-15. Accordingly, the amounts invested and advanced by NISIPL to NSG along with interest receivable on the advances being considered irrecoverable were written off in the year 2014-15. Spawnt Private S.a.r.l. (SPS) Luxembourg which became a wholly owned subsidiary of NISIPL during the year 2014-15 and consequently step-down subsidiary to the Company during the year 2014-15, had also invested in NSG in earlier years. In view of NSG declared as insolvent, the amount invested in it by SPS also became fully impaired and was hence written off in the said year.

30.2. Extra ordinary Items

Particulars	₹ in Lakhs	
	2015-16	2014-15
Impairment Loss (Refer Note 30.2.1)	-	3,184.62
Total	-	3,184.62

30.2.1. Considering the operating results of the business and the prospects of viable economic returns from the wind power business, the Board had during the year 2014-15, taken a decision to dispose of wind power assets. Pursuant to the decision, Company had obtained a purchase proposal from a prospective buyer. Based on the purchase consideration offered and the expected cash generated from the business, the excess carrying value of windmill assets at ₹ 3,184.62 Lakhs was recognised as impairment loss in 2014-15. On a review of existing provision, the Company is of the opinion that the same is adequate as at March 31, 2016.

31. Contingent Liabilities and Commitments:

31.1. Contingent Liabilities not provided for:

- 31.1.1.** Counter guarantees given to Bankers in respect of Bank guarantees ₹ 1,882.94 Lakhs (Previous year ₹ 1,606.84 Lakhs).
- 31.1.2.** Income Tax matters under disputes ₹ 36.31 Lakhs (Previous year ₹ 36.31 Lakhs).
- 31.1.2.** Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained.
- 31.1.3.** Claims against the Company not acknowledged as debts ₹ 12,680.62 Lakhs (Previous year ₹ 4,893.41 Lakhs).

31.2. Commitments:

- 31.2.1.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 356.17 Lakhs (Previous year ₹ 905.50 Lakhs).
- 31.2.2.** In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of ₹ 100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs.

32. Segment Reporting:

The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation business. The financial results of Micro Irrigation segment, Wind Energy segment and Agri Informatic Services segment are less than the threshold limit prescribed for separate disclosure in Accounting Standard 17, and therefore, have not been shown separately.

33. Related party transactions: (Disclosures as required by AS 18 - Related Party Disclosures)

33.1 List of related parties and their relationships

Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (NISIPL)

Step down Subsidiaries

- (i) Spawnt Private S.a.r.l, Luxembourg

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

Associates

- (i) Nagarjuna Agricultural Research and Development Institute
- (ii) KVK Raju International Leadership Academy

Key Management Personnel

- (i) Mr.K.S.Raju, Chairman NFCL
- (ii) Mr.K.Rahul Raju, Managing Director NFCL
- (iii) Mr.D.Srinath Raju, Manager JESCO

Relatives of Key Management Personnel.

- (i) Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)
- (ii) Smt. K Lakshmi Raju (Sister of Shri K S Raju)

Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

Enterprises significantly influenced by Key Management personnel or their relatives

- (i) Nagarjuna Agrichem Limited
- (ii) Nagarjuna Oil Refinery Limited
- (iii) Nagarjuna Impex Private Limited
- (iv) Nagarjuna Foundation

33.2 Related party transactions during the year end March 31, 2016 are as under:

₹ in Lakhs

Nature of transaction	Associates	Associates to Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Enterprises significantly influenced by Key Management personnel or their relatives
Advances given					
Nagarjuna Oil Refinery Limited	-	-	-	-	239.60
	-	-	-	-	(492.39)
Write off advance and investment in Nagarjuna Spawnt GmbH	-	(8,047.81)	-	-	-
Remuneration					
Shri K S Raju	-	-	71.18	-	-
	-	-	(69.16)	-	-
Shri K Rahul Raju	-	-	70.06	-	-
	-	-	(69.16)	-	-
Shri D Srinath Raju	-	-	0.60	-	-
	-	-	(0.60)	-	-
Recovery of remuneration					
Shri K S Raju	-	-	8.79	-	-
	-	-	-	-	-
Shri K Rahul Raju	-	-	8.14	-	-
	-	-	-	-	-
Rent paid					
Shri K Rahul Raju	-	-	589.11	-	-
	-	-	(553.39)	-	-
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	-	-	-	-	-
	-	-	-	(19.32)	-
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	-	-	-	30.07	-
	-	-	-	(29.66)	-
Nagarjuna Impex Private Limited	-	-	-	-	20.53
	-	-	-	-	(20.24)
Nagarjuna Agrichem Limited	-	-	-	-	6.00
	-	-	-	-	(6.74)
Corporate Social Responsibility (Donation)					
Nagarjuna Foundation	-	-	-	-	73.75
	-	-	-	-	(80.00)

Note: Figures in brackets represent previous year transactions.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

33.3 Balances outstanding at the year end March 31, 2016

₹ in Lakhs

Nature of transaction	Associates	Key Management Personnel	Relatives of Key Management personnel	Enterprises able to exercise significant influence	Enterprises significantly influenced by Key Management personnel or their relatives
Loans and Advances					
Nagarjuna Oil Refinery Limited	-	-	-	-	1,118.80
	-	-	-	-	(879.21)
Investments					
Nagarjuna Agricultural Research and Development Institute	2.50 (2.50)	-	-	-	-
KVK Raju International Leadership Academy	15.00 (15.00)	-	-	-	-
Provision for diminution in the value of investment	17.50 (17.50)	-	-	-	-
Rental and other deposits with					
Nagarjuna Agrichem Limited	-	-	-	-	0.40
	-	-	-	-	(0.40)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	-	-	0.75 (0.75)	-	-
	-	-	-	-	-
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	-	-	85.00 (85.00)	-	-
	-	-	-	-	-
Nagarjuna Impex Private Limited	-	-	-	-	5.00
	-	-	-	-	(5.00)
Shri.K Rahul Raju	-	246.26	-	-	-
	-	-	-	-	-
Rental deposits from					
Nagarjuna Agrichem Limited	-	-	-	-	0.21
	-	-	-	-	(0.21)
Trade Payables					
Shri.K Rahul Raju	-	108.07 (116.38)	-	-	-
	-	-	-	-	-
Nagarjuna Impex Private Limited	-	-	-	-	1.57
	-	-	-	-	(1.53)
Other Current Liabilities					
Shri K.S Raju	-	3.67 (6.82)	-	-	-
	-	-	-	-	-
Shri K Rahul Raju	-	4.39 (11.64)	-	-	-
	-	-	-	-	-
Amlika Mercantile Private Limited	-	-	-	35.05 (35.05)	-
	-	-	-	-	-

34. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 548.70 acres of land, the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2016.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

Government of Karnataka has passed order No. CI 175 SPI 2011 dated November 11, 2013 cancelling the Land Allotment made stating that JESCO has not implemented the approved projects and also advised KIADB to resume the balance land. JESCO has filed a writ petition in the Hon'ble High Court of Karnataka challenging the above cited GO and the Hon'ble High Court of Karnataka has prohibited the Government of Karnataka from dispossessing the land in possession of JESCO.

In view of the above, it is considered prudent to provide for diminution in the carrying amount of this investment to the extent of ₹ 460.00 lakhs, based on the networth of JESCO as at March 31, 2016.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2016

35. The Company in the year 2014-15 had made a provision for doubtful advances of ₹ 2,852.31 Lakhs and for diminution of ₹ 2,678.14 Lakhs in the value of its investment in the share capital of its subsidiary Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) taking into consideration the liquidation of the associate company to which the said subsidiary had inturn advanced monies. In the current year further diminution of ₹ 352.24 Lakhs in the value of its investment in the share capital of its subsidiary is made considering the network of the said subsidiary company as at March 31, 2016.
36. **Additional Information as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries with respect to percentage of net assets and profit or loss of Parent and Subsidiary companies**

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss	
	As % of total Consolidated Net assets	₹ in Lakhs	As % of total Consolidated Profit or loss	₹ in Lakhs
Parent				
Nagarjuna Fertilizers and Chemicals Limited	98.84%	1,57,334.87	93.68%	(10,359.48)
Subsidiaries				
a) Indian				
Jaiprakash Engineering and Steel Company Limited	1.13%	1,797.14	0.07%	(7.81)
b) Foreign				
Nagarjuna Industrial Services and Investments Private Limited	0.03%	41.48	6.25%	(690.64)
Minority Interest in all subsidiaries				
a) Indian				
Jaiprakash Engineering and Steel Company Limited	0.00%	2.83	0.00%	0.01
b) Foreign				
Nagarjuna Industrial Services and Investments Private Limited	0.00%	0.00	0.00%	0.00

37. **Earnings per Share:**

Sl. No.	Particulars	Unit of Measurement	2015-16	2014-15
1	Net (Loss) after tax	(₹ in Lakhs)	(11,057.94)	(39,200.77)
2	Number of Equity shares (fully paid up)	(Numbers)	59,80,65,003	59,80,65,003
3	Earnings per share – Basic & Diluted (Face value of ₹ 1/- per share)	[1] / [2]	(1.85)	(6.55)

Note: The Company has no dilutive instruments as at March 31, 2016, As such dilutive earnings per share equals to Basic Earnings per share.

38. Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.
39. The figures for the previous year have been restated / regrouped, wherever necessary, to conform to current year classification.

As per our report of even date attached

For and on behalf of the Board

for **M. Bhaskara Rao & Co.,**
Chartered Accountants

K S Raju
Chairman

Arjun Kumar Arora
Chandra Pal Singh Yadav
Lalitha Raghuram
M P Radhakrishnan
Dr. NCB Nath
O Ramesh Babu
S R Ramakrishnan
Shailendra Govind Nadkarni
Directors

D. Bapu Ragavendra
Partner

Hyderabad
May 12, 2016

M Ramakanth
Company Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 27, 2016 at 9.00 AM and ends on September 29, 2016 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the September 23, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>*Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (available in the address label pasted on the Annual Report and / or in the email sent to members) in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
Details OR Date of Birth (DOB)	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xii) Click on the EVSN for "Nagarjuna Fertilizers and Chemicals Limited" to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) **In case of members receiving the physical copy:**
 - Please follow all steps from sl.no.(iii) to sl.no.(xx) above to cast vote.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.



Nagarjuna Fertilizers and Chemicals Limited

Registered Office: D.No.8-2-248, Nagarjuna Hills, Hyderabad – 500 082

BALLOT FORM

(The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the notice by sending the duly filled and signed Ballot/ Poll Form to Mr. CSS Krishna, Scrutinizer, Practicing Company Secretary, M/s KBG Associates, Company Secretaries at Flat No.101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar, Domalguda, Hyderabad – 500 029, so as to reach him on or before close of business hours of September 29, 2016).

SI No	Particulars	Details
1.	Name of the First Named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No./*Client ID No./Client ID* (*Applicable to investors holding shares in dematerialized form)	
4.	No of shares held	

I/ We hereby exercise my/ our vote in respect of Ordinary/Special Resolution enumerated below by recording my/ our assent or dissent to the said resolution by placing tick (✓) mark at the appropriate box below :

Item No.	Resolution	I/We assent to the resolution	I/We dissent to the resolution
1	Adoption of financial statements for the year ended March 31, 2016 and the Directors Report and Auditors Report thereon		
2	Appointment of Mr. Chandra Pal Singh Yadav, who retires by rotation		
3	Ratification of the appointment of M/s. M Bhaskara Rao & Co., as Statutory Auditors of the company		
4	Approval of remuneration payable to Cost Auditor, Mr. Dantu Mitra, for the financial year 2016-2017.		
5.	Appointment of Mr. Uday Shankar Jha as Independent Director		
6.	Appointment of Mr. C B Mouli as Independent Director		
7.	Transfer of net proceeds from sale of Fractional entitlements arising out of Scheme to Investor Education and Protection Fund		

Place :

Date :

(Signature of the shareholder)

INSTRUCTIONS FOR FILING THE BALLOT FORM

1. A Member desiring to exercise vote by ballot form may complete the ballot form and send it to the Scrutinizer, appointed by the Company Mr C S S Krishna , Partner, M/s K B G Associates, Company Secretaries at Flat No.101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar, Domalguda, Hyderabad – 500 029.
2. In case of shares held by companies, trusts, societies etc., the duly completed ballot form should be signed by a person authorized and accompanied by a certified true copy of the resolution indicating the authorization.
3. Unsigned Ballot Forms will be rejected.
4. Duly completed Ballot Form should reach the Scrutinizer not later than 5.30 PM on September 29, 2016, Monday, at address mentioned in Point No.1 above.
5. The Scrutinizer's decision on the validity of a Ballot Form will be final.



Nagarjuna Fertilizers and Chemicals Limited

Registered Office: D.No.8-2-248, Nagarjuna Hills, Hyderabad – 500 082

10th Annual General Meeting at 10.00 a.m. on September 30, 2016
at Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

ADMISSION SLIP

Folio No./ DP ID & Client ID : _____ Shares Held: _____

Please tick whether Member / Joint holder / Proxy _____

Member's or Proxy's Signature

Note: Shareholder / Proxy must bring the Admission Slip to the Meeting and hand it over at the entrance duly signed.



Nagarjuna Fertilizers and Chemicals Limited

Registered Office: D.No.8-2-248, Nagarjuna Hills, Hyderabad – 500 082

CIN : L24129AP2006PLC076238

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): _____

Registered Address: _____

Email id: _____

Folio No./DP ID & Client ID: _____

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name : _____ Address _____

Email id : _____ Signature _____ or failing him

2. Name : _____ Address _____

Email id : _____ Signature _____ or failing him

3. Name : _____ Address _____

Email id : _____ Signature _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10th Annual General Meeting/Extraordinary General Meeting of the company, to be held on the Friday, 30th day of September, 2016 at 10.00 a.m. at Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 and at any adjournment thereof in respect of such resolution as are indicated below :

Ordinary Business

1. Adoption of financial statements for the year ended March 31, 2016 and the Directors Report and Auditors Report thereon
2. Appointment of Mr. Chandra Pal Singh Yadav, who retires by rotation
3. Ratification of the appointment of M/s. M Bhaskara Rao & Co as Statutory Auditors of the company

Special Business

4. Approval of remuneration payable to Cost Auditor, Mr. Dantu Mitra, for the Financial Year 2016-2017.
5. Appointment of Mr. Uday Shankar Jha as Independent Director
6. Appointment of Mr. C B Mouli as Independent Director
7. Transfer of net proceeds from sale of Fractional entitlements arising out of Scheme to Investor Education and Protection Fund

Signed this _____ day of _____ 2016

Signature of shareholder

Signature of Proxy holder (s)

Affix
Revenue
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 Hours before the commencement of the Meeting.

Community Service





If undelivered, please return to
Nagarjuna Fertilizers and
Chemicals Limited / Investors Services Cell
Plot No. I, Nagarjuna Hills, Punjagutta,
Hyderabad-500 082, Telangana, India

tel + 91 40 2335 8405 / 7200
www.nagarjunafertilizers.com