

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-2008**

**(Annexure D to the Directors' Report)**

**A. COMPANY'S PHILOSOPHY**

At Nagarjuna we believe in 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 acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Group towards higher 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 most preferred organization to be associated with'.

At Nagarjuna we continue to strive to transform the business environment we operate in. We are committed to continuously evoke customer delight through constant review, monitoring and delivering proactive value added solutions. We are also committed to strive for satisfaction of all stakeholders in a balanced manner through sustainable growth and profitability. We also aim to create an environment where work becomes enjoyable experience so as to align individual goals with organizational goals, share knowledge and information, be pro-active and responsible, pursue excellence and be committed so as to transform the society around. Our aim is 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 up the environment in which it grows. And to achieve this, we strive to be a learning organization where creativity, innovation, entrepreneurship and knowledge sharing are encouraged and fostered actively.

We believe in the principles of trusteeship, fair play and transparency in all our dealings. We endeavor to have a work culture, which is performance driven and conducive to improving discipline, accountability, depth of character, team spirit and honesty in all our personal and professional relationships.

We also believe that mutual care and concern among the employees and the organization, shall be a guiding principle.

**OUR 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 in its true spirit.

Your company's contributory factor is self regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards which improves management effectiveness, supervision and accountability to stakeholders.

**CORPORATE ETHICS**

As a responsible corporate the company consciously follows corporate ethics in both business and corporate interactions. The various Codes and Policies adopted by the company, act as a guiding principle to its functioning. Some of our Codes and Policies are:

- Code of Conduct and Ethics for Senior Management.
- Code of Conduct for Prevention of Insider Trading.
- Policy of Corporate Social Responsibility.
- Policy of Corporate Governance.
- Legal Compliance Policy.
- Whistle Blowers Policy.
- Policy on Vendor's Grievances.
- Policy on Supply Chain.
- Policy on Succession Planning.
- Employee participation in Management.

These Codes / Policies and their effective implementation underpin the commitment of the company to uphold highest principles of Corporate Governance consistent with the company's goal to enhance stakeholder value. These Codes / Policies have been 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, 2008.

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

**B. BOARD OF DIRECTORS**

**PECUNIARY RELATIONSHIP**

Non executive Directors/ Independent Directors are committed to 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 and Non Executive Directors, from eminent fields. The composition of the Board is in conformity with the Clause 49 of the Listing Agreement, which stipulates that not less than fifty percent of the Board of Directors should comprise of Non- Executive Directors and where the Chairman of the Board is an Executive Director, at least half of the Board should comprise of Independent Directors.

The members of the Board of Directors of the company include nominees of Industrial Development Bank of India Limited, IFCI Limited, ICICI Bank Limited, State Bank of India, Government of Andhra Pradesh, our co-promoters Krishak Bharathi Co-operative Limited and Snamprogetti and Nominees of Core Promoter Companies.

The table below shows the composition of the Board as on March 31, 2008.

CATEGORY	NO. OF DIRECTORS	% OF TOTAL NO. OF DIRECTORS
Executive Directors	4	31
Non Executive Directors	2	15
Non Executive and Independent Directors	7	54

**BOARD MEETINGS HELD DURING THE YEAR**

The Board of Directors met five times during the year on April 27, 2007, July 27, 2007, September 21, 2007, October 26, 2007 and January 23, 2008. The maximum gap between any two Meetings was less than four months.

**DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD**

None of the Directors of your company are Directors on the Board of more than fifteen Companies or ten Board level Committees or Chairman in more than five Committees, across all Companies in which they are Directors.

The table below gives the details of the Board and AGM attendance, membership in Committees of Board of Nagarjuna and Directorships held in other Companies, as on March 31, 2008.

Director	DIN No.	Attendance Particulars		Committees of Board of NFCL	No. of Board, Committee Memberships & Chairmanship (Other than NFCL) in Public, Pvt. Sec 25 Companies etc.			
		Board Meetings attended/ held	AGM held on 21-09-07		Board		Board Committees	
					Chair	Director	Chair	Director
<b>NON EXECUTIVE</b> Shri Chandra Pal Singh Yadav	00023382	4/5	Yes	NIL	2	6	3	2
Smt. D Lakshmi Parthasarathy*	00661803	0/5	No	• Audit • Management	NA	3	NA	NA
<b>INDEPENDENT &amp; NON EXECUTIVE</b> Shri K M Jaya Rao	01077289	3/5	Yes	• Audit • Management • Asset Sale Management • Investor Grievance	NA	4	NA	4
Shri Ashok Chopra	00047113	1/5	No	NIL	NA	NA	NA	NA
Dr. N C B Nath	00026509	5/5	Yes	• Audit • Remuneration • Investor Grievance • Asset Sale Management • Warrants Allotment	NA	1	NA	NA
Shri M P Radhakrishnan	00129222	5/5	Yes	• Asset Sale Management • Management	NA	2	1	2
Shri S R Ramakrishnan	00015839	3/5	No	• Audit • Asset Sale Management • Remuneration • Warrants Allotment.	1	1	NA	3
Shri B K Batra	00011318	2/5	No	• Audit • Management • Asset Sale Management • Investment • Remuneration	NA	2	NA	5
Shri B B Tandon	00740511	4/5	Yes	• Asset Sale Management	NA	12	2	5
<b>EXECUTIVE DIRECTORS</b> Shri P P Singh	00051401	4/5	Yes	• Investment • Warrants Allotment • Investor Grievance • Shares & Debentures • Banking	NA	4	1	4
Shri R S Nanda	00008255	5/5	Yes	• Warrants Allotment • Shares & Debentures • Banking	NA	1	NA	NA
Shri K Rahul Raju	00015990	5/5	Yes	NIL	NA	10	NA	1
Shri K S Raju	00008177	5/5	Yes	• Audit • Management • Asset Sale Management • Investment • Shares & Debentures • Banking	8	12	4	2

\*Ceased to be Director with effect from April 29, 2008

**BOARD AGENDA AND MINUTES**

Agenda papers are generally circulated to the Board members well in advance before the Meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the Meeting.

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

**INFORMATION TO THE BOARD**

The Board has complete access to all information with 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, 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 Meeting of the Board of Directors and Committees of the Board of Directors.
- Status of Subsidiary Companies.
- Minutes of Meeting of the Board of Directors of Subsidiary Companies.
- Details of Related Party Transactions.
- Quarterly Compliance Report on Clause 49 and any non compliance.
- Report on Risk Assessment and Minimization 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 judgement 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 during the year the Compliance Reports in respect of the various Statutory Enactments applicable to the company.

**REMUNERATION TO 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.

The table below shows the details of remuneration paid to Non Executive / Independent Directors of the company during the financial year 2007 – 2008.

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors	Rs.
<b>NON EXECUTIVE</b>		
Shri Chandra Pal Singh Yadav	40,000	
Smt. D Lakshmi Parthasarathy	0	
<b>INDEPENDENT &amp; NON EXECUTIVE</b>		
Shri B K Batra	* 90,000	
Shri Ashok Chopra	10,000	
Shri K M Jaya Rao	* 120,000	
Dr. N C B Nath	1,80,000	
Shri M P Radhakrishnan	1,00,000	
Shri S R Ramakrishnan	1,00,000	
Shri B B Tandon	50,000	

\* Paid to respective banks

**Remuneration to Executive Directors**

The Executive Directors remuneration is subject to compliance of Schedule XIII of the Companies, Act 1956 and other applicable provisions. The Board, on the recommendations of the '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 table below shows the details of remuneration paid to Executive Directors of the company during the financial year 2007 – 2008.

Directors Name	Salary p.m	Perquisites	Performance Linked Bonus	Rs.
Shri K S Raju	2,00,000	@perquisites shall be restricted to an amount equal to the annual salary.	To be paid based on assessment of Board of Directors as applicable to managerial personnel	
Shri Rahul Raju	50,000	Same as above	NA	
Shri R S Nanda	1,75,000	Same as above	NA	
Shri P P Singh	1,50,000	Same as above	NA	

The company during the year 2007-2008 did not advance any loans to any of its Directors. The company had provided a housing loan to Shri K S Raju in accordance with the rules of the company in the year 1997 after obtaining requisite approvals.

@ Perquisites include housing, medical reimbursement, leave travel concession, club fees, personal accident insurance, gratuity, provident fund, superannuation fund, earned leave and car etc.

There is no additional payment being made towards performance of Managerial Personnel.

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.

**RE-APPOINTMENT OF THE DIRECTORS**

According to the Articles of Association of the company, one third of the Directors are liable to retire every year and if eligible, offer themselves for re-appointment at every Annual General Meeting.

The table below shows the list of the Directors retiring by rotation and being re- appointed and the Directors whose tenure of Directorship is extended.

Name of the Directors	Date of Birth	Last Re-appointment Date	Qualification & Experience	Directorships in Other Companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies.
<b>ROTATIONAL DIRECTORS</b>					
Dr. NCB Nath	17-02-30	28-09-06	Ph. D (Eco) Well known Economist and consultant	NIL	NIL
Shri Ashok Chopra	01-09-60	21-09-07	B.Tech. MBA 21 Years of work experience covering various assignments in marketing of basic chemicals followed by marketing and implementation of engineering, contracting and technology services in the oil & gas, fertilizer, petrochemical and refining sectors	NIL	NIL
Shri K Rahul Raju	31-08-76	28-09-06	B.Com (Hons) Inducted into the Nagarjuna Group during the year 1996-1997  He was later Head-Nagarjuna Biz Initiatives He was CEO of Bijam Bio Sciences Ltd and Head of Nagarjuna Group's Emerging Business initiatives in the year 2000.  He is a Director - Business Development and Strategic Planning of NFCL since 2004	<ul style="list-style-type: none"> <li>Nagarjuna Oil Corporation Ltd</li> <li>Nagarjuna Corporation Ltd.</li> <li>I Kisan Ltd.</li> <li>Nagarjuna Agrichem Ltd.,</li> </ul>	Bijam Bioscience (P) Ltd.  <ul style="list-style-type: none"> <li>Audit</li> </ul>

**INFORMATION PERTAINING TO WHOLE TIME DIRECTORS**

Shri K.S. Raju	29-06-50	01-04-03	B.E. Has over 33 years of experience in management of various companies.	<ul style="list-style-type: none"> <li>Nagarjuna International (Vietnam) Ltd.</li> <li>Jaiprakash Engg. and Steel Co. Ltd.</li> <li>Nagarjuna Oil Corporation Ltd.</li> <li>Nagarjuna Holding (Vietnam) PTE Ltd</li> <li>Nagarjuna Agrichem Ltd.</li> <li>Kanumuru Education &amp; Knowledge Ltd.</li> <li>Nagarjuna Corporation Ltd.</li> <li>Ikisan Ltd</li> <li>Bhagiradha Chemicals &amp; Industries Ltd.</li> <li>The Fertilizer Association of India</li> </ul>	<u>NOCL</u> <ul style="list-style-type: none"> <li>Management</li> <li>Audit</li> <li>Banking</li> <li>Remuneration</li> <li>Shares Allotment &amp; transfer</li> </ul> <u>JESCO</u> <ul style="list-style-type: none"> <li>Remuneration</li> </ul>
Shri PP Singh	15-01-41	24-02-07	F.I.E. Engineer with 43 years of experience in management of fertilizer companies.	<ul style="list-style-type: none"> <li>Jaiprakash Engg. and Steel Co. Ltd. (JESCO)</li> <li>Nagarjuna Oil Corporation Ltd. (NOCL)</li> <li>Ikisan Ltd.</li> </ul>	<u>JESCO</u> <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Remuneration</li> </ul> <u>NOCL</u> <ul style="list-style-type: none"> <li>Audit</li> <li>Remuneration</li> <li>Shares Allotment &amp; transfer</li> </ul>
Shri RS Nanda	04-03-44	26-06-07	B.Sc (Mech Engg) Engineer with 41 years of experience in managing chemical/fertilizer companies.	NIL	NIL

## RETIREMENT POLICY OF THE DIRECTORS

The company does not have a Retirement Policy for the Members of the Board of Directors of the company.

## RESPONSIBILITIES OF THE DIRECTORS

### Responsibilities of the Board

The primary role of the Board is that of trusteeship to protect and enhance shareholders' value. As trustee, the Board ensures that the company has clear goals and policies for achievement. The Board oversees the company's strategic direction, reviews corporate performance, authorizes 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 28, 2006 delegated the powers to Shri K S Raju, Chairman and Managing Director to enable him carry out the day-to-day operations of the company.

The powers encompasses all areas such as finance, personnel, legal, general and miscellaneous powers.

### Responsibilities of Other Whole Time Directors

Shri R S Nanda, Director and COO is in charge of the operations of the company, which includes plant operations and marketing operations and human resources development.

Shri P P Singh, Director (Technical) is responsible for the company's forays into new projects.

Shri K Rahul Raju, Director – Business Development and Strategic Planning is responsible for new initiatives, corporate planning, long term strategies that will be beneficial to the development of the company.

## SHARES HELD BY EXECUTIVE AND NON – EXECUTIVE DIRECTORS

The table below shows the shares held by Executive Directors of the company, as on March 31, 2008.

Name of the Director	Shares Held
<b>EXECUTIVE DIRECTORS</b>	
Shri K S Raju	28700
Shri K Rahul Raju	3202
Shri R S Nanda	2200
Shri P P Singh	NIL

None of the Non Executive Directors were holding any shares in the company.

## CODE OF CONDUCT AND ETHICS

The company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code has been circulated to all the members of the Board and Senior Management and the same had been put on the company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration along with certificate of compliance appears in the annexure to the Corporate Governance Report.

## LEAD INDEPENDENT DIRECTOR

Dr. N C B Nath, who is the Chairman of the Audit Committee 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 amongst the members of the Board.

## TRAINING FOR THE BOARD MEMBERS

As part of ongoing knowledge sharing and updation, 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 etc, at meetings of the Board of Directors.

The company whenever required, has engaged reputed consultants to advise for developing training and other processes in line with best international Corporate Governance Practices.

The Board of Directors meet periodically senior managerial personnel and discuss areas of interest of the company.

## COMMITTEES TO THE BOARD

The Board of Directors have constituted various Committees with adequate delegation to focus on specific areas and take decisions so as to discharge day to day affairs of the company. 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 consists of:

Shri K S Raju	Chairman
Shri P P Singh	Member
Shri R S Nanda	Member

and meets every Saturday throughout the year apart from considering matters through circulation.

The **quorum** is two members present in person.

### Terms of reference:

Allotment of Shares, 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. INVESTOR GRIEVANCES COMMITTEE

The Investor Grievances Committee of Directors met four times during the financial year 2007-2008, apart from considering matters through circulation.

The table below shows the list of members of Investor Grievances 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			
		27-07-07	21-09-07	26-10-07	23-01-08
Dr. N C B Nath	Chairman	Yes	Yes	Yes	Yes
Shri P P Singh	Member	Yes	Yes	Yes	Yes
Shri K M Jaya Rao	Member	No	Yes	Yes	Yes

The **quorum** is two members present in person.

### Terms of reference:

The committee, inter alia looks into and redress shareholders / investors grievances relating to

- transfer of shares
- non-receipt of declared dividends
- non-receipt of Balance Sheet and
- all such complaints directly concerning the shareholders / investors as stakeholders of the company.
- and such other matters that may be considered necessary in relation to shareholders, debenture holders and investors of the company.

**3. MANAGEMENT COMMITTEE**

The Management Committee of Directors met four times during the financial year 2007-2008, apart from considering matters through circulation due to inadequate quorum.

The table below shows the list of members of Management Committee and the various dates of Meetings and their attendance particulars.

Name of the Member	Category	Dates of Audit Committee Meetings and attendance particulars				
		27-04-07	27-07-07*	21-9-07	26-10-07	23-1-08
Dr. N C B Nath	Chairman	Yes	Yes	Yes	Yes	Yes
Shri B K Batra	Member	Yes	No	No	Yes	No
Shri S R Ramakrishnan	Member	Yes	No	No	Yes	Yes
Smt. D Lakshmi Parthasarathy*	Member	No	No	No	No	No
Shri K S Raju	Member	Yes	Yes	Yes	Yes	Yes
Shri K M Jaya Rao	Member	No	No	Yes	Yes	Yes

\* Meeting adjourned for want of Quorum  
 \*\* Ceased to be Director w.e.f. April 29, 2008.

The quorum is two independent members present in person.

**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 and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements 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 (2AA) of Section 217 of the Companies Act, 1956.
  - 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.
  - Review regarding the going concern assumption and compliance with the accounting standards.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 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.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
- 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.
- 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.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		27-04-07	27-07-07	26-10-07	23-01-08
Shri K S Raju	Chairman	Yes	Yes	Yes	Yes
Shri B K Batra	Member	Yes	No	Yes	No
Shri M P Radhakrishnan	Member	Yes	Yes	Yes	Yes
Smt. D Lakshmi Parthasarathy*	Member	No	No	No	No
Shri K M Jaya Rao	Member	No	No	Yes	Yes

\* Ceased to be Director w.e.f. April 29, 2008.

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, modernization and de-bottlenecking, including investment in immovable property, upto Rs.Ten 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 beyond Rs.One Crore and upto Rs.Ten Crores in case of procurements on a single tender basis or beyond Rs.Five Crores upto Rs.Ten 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 up to an aggregate amount of Rs.10 lakhs in any financial year.
- To lay down and review from time to time company's employment Policy.

**4. AUDIT COMMITTEE**

The Audit Committee of Directors consists of well qualified and Independent Directors. Presently it comprises of five members, and complies with the stipulation that two thirds of the members shall be Independent Directors. All the members of the Committee possess adequate knowledge of finance, accounts. The scope of the activities of the Committee, are in conformity as are set out in Clause 49 II (D) of the Listing Agreement with Stock Exchanges read with the Companies Act 1956.

The table shows the list of members of Audit Committee and the various dates on which Meetings were held and the attendance particulars.

The Secretary of the company also acts as Secretary to the Committee. The Statutory Auditors, the Cost Auditor and the Head-Internal Audit are present as invitees for the Meetings of the Audit Committee.

14. To review the company's financial and risk management Policies.

**The Audit Committee is empowered, pursuant to its terms of reference, to:**

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to ensure the attendance of outsiders with relevant experience and expertise, when considered necessary.

#### REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2008

To the shareholders of Nagarjuna Fertilizers and Chemicals Ltd.,

- a. During the year under review, the company's various departments, divisions spread all over India were audited by the In-house Internal 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 in 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 during the course of the year 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 present system of Internal Audit is based on the risks associated with any particular matter.
- g. 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.
- h. The Audit Committee meetings were interactive.
- i. **The Company has not adhered to the Accounting Standard 5 and made a departure in view of the fact that the loss relating to the subsidiary company, Jaiprakash Engineering and Steel Company Limited arose not out of the current year operations of the company and accordingly was being written off in the Opening Balance of the Profit & Loss Account of the company.**
- j. The Committee is recommending to the Board the reappointment of M/s.M.Bhaskara Rao & Co., Chartered Accountants as statutory auditors of the Company, to carry out audit of the accounts of the Company for the financial year 2008-2009.

Hyderabad  
April 29, 2008

Sd/-  
Chairman, Audit Committee

#### 5. BANKING COMMITTEE

The Banking Committee of Directors met Ten times during the financial year 2007-2008.

The banking committee consists of

Shri K S Raju	Chairman
Shri P P Singh	Member
Shri R S Nanda	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 Investment Committee of Directors met once during the financial year 2007-2008.

The table shows the list of members of Investment Committee and Meeting date and the attendance particulars.

Name of the Member	Category	Meeting Date	
		27-04-07	
Shri K.S. Raju	Chairman	Yes	
Shri P P Singh	Member	No	
Shri B K Batra	Member	Yes	

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 dis-invest or pledge the securities such as shares, debentures, government bonds, etc., 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. REMUNERATION COMMITTEE

The Remuneration Committee of Directors met twice during the financial year 2007-2008, apart from considering matters through circulation due to inadequate quorum.

The table shows the list of members of Remuneration Committee and the various dates on which Meetings were held and the attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars	
		27-04-07	23-01-08
Dr. N.C.B.Nath	Chairman	Yes	Yes
Shri S R Ramakrishnan	Member	Yes	Yes
Shri B K Batra	Member	Yes	No

The **quorum** is two members present in person.

#### Terms of reference:

To fix the remuneration payable to Managerial Personnel from time to time.

#### REMUNERATION POLICY:

The remuneration paid to Executive Directors is considered and recommended by the Remuneration Committee and approved by the Board of Directors, keeping in view the provisions of Companies Act, 1956. The approval of the Board of Directors is subject to the approval by the shareholders and such other authorities, as the case may be.

**REMUNERATION COMMITTEE REPORT FOR THE YEAR ENDED MARCH 31, 2008.**

To the Shareholders of Nagarjuna Fertilizers & Chemicals Limited:

The Committee is responsible for considering and recommending to the Board of Directors, the remuneration paid to Executive Directors. The Committee ensures compliance under Companies Act, 1956 and other applicable provisions.

The Committee reviewed and commended the remuneration of Shri R S Nanda, Shri P P Singh, Shri K Rahul Raju and Shri K S Raju, Executive Directors.

**Hyderabad Sd/-**  
**July 25, 2008 Chairman, Remuneration Committee**

**8. WARRANTS ALLOTMENT COMMITTEE**

The Warrants Allotment Committee of Directors met twice during the financial year 2007-2008.

The table below shows the list of members of Warrants Allotment Committee and the various dates on which Meetings were held and the attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars	
		5-10-07	26-10-07
Dr. N.C.B.Nath	Chairman	Yes	Yes
Shri S R Ramakrishnan	Member	No	Yes
Shri P P Singh *	Member	Yes	Yes
Shri R S Nanda *	Member	Yes	Yes

The **quorum** is two members present in person.

\* Appointed as members with effect from September 21, 2007.

**Terms of Reference:**

Allotment of warrants and its conversion into shares and all other related matters.

**9. ASSET SALE MANAGEMENT COMMITTEE**

The Asset Sale Management Committee of Directors constituted in terms of the Corporate Debt Restructuring approval by the Financial Institutions and Consortium of Banks met once during the financial year 2007-2008.

The table shows the list of members of Asset Sale Management Committee and the various dates on which Meetings were held and the attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars
		26-10-07
Dr. N.C.B.Nath	Chairman	Yes
Shri B B Tandon	Member	Yes
Shri M P Radhakrishnan	Member	Yes
Shri K M Jaya Rao	Member	Yes
Shri S R Ramakrishnan	Member	Yes
Shri B K Batra	Member	Yes
Shri K S Raju	Member	Yes

The **quorum** is three members present including two Institutional Nominees present.

**Terms of Reference:**

The primary objective is to sell the various assets, which the company considers as non-performing or surplus.

**RISK ASSESSMENT AND MINIMISATION PROCEDURE**

The company has 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 Plant by

Plant Risk Management Committee and at 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' are appointed for each Department. Board members periodically review existing / new risks and action plans 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. Your company has developed and implemented Policies, procedures and Practices that attempt to translate the company's core purpose and mission into reality.

All these Policies, procedures and Practices are elaborated hereunder:

**a. Policy of 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 of 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, has introduced a 'Policy on Supply Chain', to ensure quality products are delivered timely to end customer, through a network of suppliers,

**e. Prohibition of Insider Trading**

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

**f. 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 of Employee Participation in Management (EPM)

Your company has framed a mechanism where the associates have an involvement and ownership in the decision making process of the Organization. The purpose of EPM is to increase production and productivity, evaluation of costs, development of personnel, expansion of markets and risk management.

#### h. Whistle Blower Policy

The company has formulated a Policy 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 etc.

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

No personnel of the company has been 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 the highest business standards and benchmark the internal legal practices against the International Standards.

### MANAGEMENT DISCUSSION AND ANALYSIS

This 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 annual 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 has 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](http://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 and in vernacular newspaper.

#### Quarterly Results sent electronically

The company had proactively through its Annual Report 2006-2007 invited the shareholders to inform the company about their email IDs, so as to keep them updated. As an investor friendly measure the unaudited financial results of the company, were emailed in addition to being published in the newspaper.

The company is using this channel of communication extensively, for carrying 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 to [investors@nagarjungroup.com](mailto:investors@nagarjungroup.com)**

#### EDIFAR

As per the requirements of clause 51 of the Listing Agreement with the Stock Exchanges, all the data relating to quarterly

financial results, shareholding pattern etc are being electronically filed on Electronic Data Information Filing and Retrieval (EDIFAR) website of SEBI ([www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)) within the timeframe prescribed in this regard.

### Investor Grievance Redressal

The company has 5,14,009 shareholders. The company during April 1, 2007 to March 31, 2008 received 14797 letters / complaints from the investors, out of which 14755 letters / complaints were attended and resolved and the balance were resolved subsequently.

The table below shows the details of shareholder or depositor's queries / complaints/ requests received and resolved during the financial year 2007-2008.

Nature of Letters	Opening Balance	Received	Replied	*Closing Balance
Change of address	0	1485	1485	0
Revalidation of dividend warrants	0	239	239	0
Share transfers	0	12374	12374	0
Demat / Remat of Shares	0	30931	30931	0
Issue of duplicate certificates	16	304	278	42
Transmission of shares	0	554	554	0
Deposit complaints	0	33	33	0
General queries	0	12166	12166	0

\* The queries of the shareholders / depositors mentioned above have been since attended and resolved.

### SHARE TRANSFER SYSTEM

The company's transfer of shares activity is fully computerized.

The company has witnessed steep increase in the share price of its shares as also substantial increase in volume of trading. As a service to the shareholders, the Shares and Debenture Committee Meetings were held every week against every fifteen days held earlier.

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

#### Compliance Officer

Shri M Ramakanth is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing Agreements with the Stock Exchanges of India.

#### Share Transfer Agents

XL Softech Systems Limited are the Share Transfer Agents.

#### Nomination facility

Shareholders holding physical shares may, file nominations in prescribed Form 2B of the Companies (Central Governments' General Rules and Forms), 1956 to the Registrar and Transfer Agents of 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 has signed agreements with both the depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2008, over 84.78% of the shares of the company are already dematerialized.

The table shows the status on the dematerialization of the equity shares of the company:

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Shareholders	% to Total Shareholders
Physical Form	6,51,89,960	15.22	2,38,118	46.33
Held in dematerialized form in NSDL	31,36,35,262	73.25	1,93,740	37.69
Held in dematerialized form in CDSL	4,93,56,599	11.53	82,151	15.98
<b>Total</b>	<b>42,81,81,821</b>		<b>5,14,009</b>	

The company's ISIN No. for dematerialization for both NSDL and CDSL is INE 580A01013.

#### SECRETARIAL AUDIT

A Practicing Company Secretary of the Institute of Company Secretaries of India, has carried out secretarial 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, 2008

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2008				
SHAREHOLDING	SHAREHOLDERS		SHARE HOLDING	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	461508	89.79	787828670	18.40
5001 -10000	33722	6.56	283865280	6.63
10001-20000	11064	2.15	171670170	4.01
20001 -30000	2966	0.58	77024710	1.80
30001 -40000	1150	0.22	41933550	0.98
40001 – 50000	1131	0.22	54336810	1.27
50001 -100000	1294	0.25	97786200	2.28
100001 and Above	1174	0.23	2767372820	64.63
<b>TOTAL</b>	<b>514009</b>	<b>100.00</b>	<b>4281818210</b>	<b>100.00</b>

The table below shows the distribution of promoter and non-promoter shareholding as on March 31, 2008

CATEGORY	DISTRIBUTION OF SHARE HOLDING			
	AS ON MARCH 31, 2008		AS ON MARCH 31, 2007	
	NO. OF SHARES HELD	%SHARE HOLDING	NO. OF SHARES HELD	%SHARE HOLDING
<b>PROMOTERS HOLDING</b>				
Individuals	1,65,002	0.04	1,65,002	0.04
Companies	15,07,84,726	35.21	15,07,87,026	35.21
Sub Total	<b>15,09,49,728</b>	<b>35.25</b>	<b>15,09,52,028</b>	<b>35.25</b>
<b>NON PROMOTERS HOLDING</b>				
<b>I. Institutional Investors</b>				
a. Mutual Funds and UTI	80,58,311	1.88	53,93,950	1.26
b. Banks, FI, Insurance Companies (central/ State Govt Institutions/ Non Government Institutions)	97,26,782	2.27	1,81,08,170	4.23
c. Foreign Institutional Investors.	3,18,41,638	7.44	2,78,61,621	6.51
<b>II Others</b>				
a. Private Corporate Bodies	6,41,29,295	14.98	5,62,70,821	13.14
b. Indian Public	15,91,38,933	37.17	16,59,71,397	38.76
c. NRIs/ OCBs	43,37,134	1.01	36,23,834	0.85
d. Others (please specify)	-	-	-	-
<b>GRAND TOTAL</b>	<b>42,81,81,821</b>	<b>100</b>	<b>42,81,81,821</b>	<b>100</b>

The table below shows the details of persons holding more than 1 % shareholding in the company, as on March 31, 2008

S. No.	Name of the company	Percentage
	<b>(a) Indian Promoters</b>	
1	Governor of Andhra Pradesh	4.55
2	Krishak Bharati Co-operative Limited	2.34
3	Nagarjuna Holdings Private Limited	7.91
4	K S Raju Associates & Estates Pvt. Ltd.	1.22
5	K R R Holdings Private Limited	1.90
6	Paschim Holdings Private Limited	7.16
7	K S Raju & Associates Holdings Private Limited	3.02
8	Nagarjuna Engineering & Constructions company Private Limited	1.56
9	Fireseed Limited	1.87
	<b>Institutional Investors</b>	
10	Life Insurance Corporation of India	1.34
	<b>Others - Private Corporate Bodies</b>	
11	Saveri Chemicals (P) Ltd.,	2.66
12	Nagarjuna Employee Welfare Foundation	1.85
	<b>Foreign Institutional Investors</b>	
13	Merrill Lynch Capital Markets Espana S.A.S.V	2.44
14	Simplicity AB A/c Simplicity Indian	1.48

**STOCK PRICE DATA**

The table below shows the monthly high, low and the total number of shares traded per month on the National Stock Exchange and Bombay Sock Exchange during the financial year 2007-2008.

MONTH	HIGH & LOW PRICE OF SHARES PER MONTH ON BSE & NSE			
	BSE		NSE	
	HIGH(RS)	LOW(RS)	HIGH(RS)	LOW(RS)
April '2007	17.95	12.65	17.95	12.8
May '2007	24.70	17.00	24.15	16.9
June '2007	23.65	18.95	21.65	18.9
July '2007	25.75	20.55	25.60	22.00
August '2007	40.90	21.55	40.90	21.90
September '2007	63.35	39.50	63.30	39.55
October '2007	66.25	47.00	66.2	45.6
November '2007	84.80	54.40	84.6	54.75
December '2007	88.20	71.00	86.9	71.2
January '2008	89.00	25.55	89.1	24
February '2008	59.60	37.85	59.60	37.60
March '2008	51.35	30.75	51.35	30.80

**GENERAL BODY MEETINGS**

The Thirty First Annual General Meeting of the company held on September 21, 2007, was attended by over 2550 shareholders including nominees of Promoter Companies and proxies.

Shri K S Raju, Chairman & Managing Director, chaired the Meeting and the Chairman of the Audit Committee, Dr. N C B Nath was present at the Annual General Meeting.

The table shows the details of the previous three General Body Meetings and the Special Resolutions passed.

LAST THREE ANNUAL GENERAL MEETINGS			
NO. OF AGM & F.Y	DATE & TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
29 <sup>TH</sup> AGM 2004-2005	26-09-2005 at 10.00 a.m	Sri Satya Sai Nigamagmam 8-3-987/2, Srinagar Colony Hyderabad – 500 073	<ul style="list-style-type: none"> <li>Re-appointment of Statutory Auditors</li> <li>Remuneration to Shri K Rahul Raju.</li> <li>Alteration of Memorandum of Association of the company</li> </ul>
30 <sup>TH</sup> AGM 2005-2006	28-09-2006 at 10.00 a.m	Sri Satya Sai Nigamagmam 8-3-987/2, Srinagar Colony Hyderabad – 500 073	No special resolutions were passed.
31 <sup>ST</sup> AGM 2006-2007	21-09-2007 at 10.00 a.m	Sri Satya Sai Nigamagmam 8-3-987/2, Srinagar Colony Hyderabad – 500073	<ul style="list-style-type: none"> <li>Preferential issue of 2,25,00,000 warrants to core promoters.</li> </ul>

**Postal Ballot**

During the financial year 2007-2008 no resolution was passed through postal ballot by your company

**DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS**

The company has not raised any funds from the public since the Public Issue of the company in 1992.

The company has not issued any GDRs / ADRs.

The Members at Thirty First Annual General Meeting held on September 21, 2007 has approved preferential issue of warrants for 2,25,00,000 to the core promoters of the company on private placement basis.

**MONEYS REMAINING UNCLAIMED WITH THE COMPANY**

**Fixed Deposit**

During the year under review the company had repaid unclaimed deposits as and when claimed. As on March 31, 2008 an amount of Rs. 23,17,725 remained unclaimed.

The company had transferred an amount of Rs.10,22,278, as unclaimed deposits and interest on deposits to the Investor Education and Protection Fund (Awareness & Protection of Investors), as on March 31, 2008

**Dividends**

Pursuant to the provisions of the Companies Act, 1956, the unclaimed dividends for the financial year 1995 – 1996 to 1999-2000 have been transferred to the Investor Education and Protection Fund (Awareness & Protection of Investors) after the completion of 7 years from the due date.

The details of transfer of the unclaimed dividend for the year 1999 - 2000 to the Investor Education and Protection Fund is given below:

Name of the Bank	Amount transferred
Andhra Bank	Rs.22,31,726/-
Bank of Baroda	Rs.41,26,451/-
Punjab National Bank	Rs.43,56,891/-

**Reminders**

The company as a good Corporate Governance had regularly mailed reminders to the deposit holders and shareholders for claiming the unclaimed dividends / deposits / interest on deposits. Apart from this a last reminder was mailed, atleast one month before the unclaimed amount was transferred to the Investor Education and Protection Fund.

**DISCLOSURES**

**Compliance with mandatory requirements of Listing Agreement**

**a. Related party Transactions**

1. Names of related parties and description of relationship.
  - a) Subsidiaries
    - (i) Nagarjuna Oil Corporation Limited
    - (ii) Jaiprakash Engineering & Steel Co. Limited
  - b) Associates
    - (i) Nagarjuna Agricultural Research and Development Institute (NARDI)
    - (ii) iKisan Limited
    - (iii) KVK Raju International Leadership Academy
    - (iv) Nagarjuna Foundation
    - (v) Nagarjuna Corporation Limited
  - c) Key Management Personnel
 

Shri K S Raju, Chairman & Managing Director  
Shri K Rahul Raju, Director – Business Development & Strategic Planning  
Shri P P Singh, Director - Technical  
Shri R S Nanda, Director & Chief Operating Officer
  - d) Relatives of Key Management Personnel.
    - (i) Smt. Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju.)
  - e) Enterprises able to exercise significant influence
    - (i) Nagarjuna Management Services Private Ltd.
    - (ii) Nagarjuna Holdings Private Ltd.
    - (iii) Chinnar Securities Private Limited
    - (iv) K R R Holding Private Limited
    - (v) K S Raju & Associates Holdings Private Ltd.

**Related party transactions are as under:**

Rs lakhs

S.No.	Nature of Transaction	Subsidiaries 31-03-08	Associates 31-03-08	Key Mgmt. Personnel/ Relative of Key Mgmt. Personnel 31-03-08	Enterprises able to exercise significant influence 31-03-08	Subsidiaries 31-03-07	Associates 31-03-07	Key Mgmt. Personnel/ Relative of Key Mgmt. Personnel 31-03-07	Enterprises able to exercise significant influence 31-03-07
01.	Finance :								
a.	Equity	1522.00	---	---	---	9250.00	---	---	---
b.	Share Appln. Money	---	---	---	---	(55.62)	---	---	---
c.	Share Warrants	---	---	---	652.50	---	---	---	---
d.	Refund of Share Appln. Money	---	---	---	---	---	---	---	---
e.	Advances Given	2512.14	---	---	---	(4241.28)	---	---	---
f.	Advances Received	---	---	---	---	---	---	---	---
02.	Lease Rental Received	---	0.01	---	---	-----	0.01	---	---
03.	Remuneration to Key Mgmt. Personnel	---	---	147.95	---	---	---	145.38	---
04.	Rent Paid	---	---	16.20	---	---	---	---	---

**b. Disclosure of accounting treatment**

In the preparation of financial statements, the company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable except the Accounting Standard 5 'Net profit / Loss for the period, prior period items and changes in Accounting Policies.'

**The non compliance of the Accounting Standard 5, is in view of the fact that the write off of loss is not arising out of the company's current year operations. Accordingly the loss is being written off from the opening balance of the Profit and Loss Account for the financial year 2007-2008.**

**c. Proceeds from the preferential issue of warrants.**

The details of utilization of proceeds raised through issue of convertible warrants are disclosed to the audit committee. The initial deposit receipt of 10% of the warrant price, received by the company, has been utilized for purposes stated in the report of the Board of Directors.

**d. CEO and CFO Certification**

The Chairman and 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.

- 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.

**Mandatory requirements – Clause 49 of the Listing Agreement.**

Your company is fully compliant with the applicable mandatory requirements of the Clause 49 of the Listing Agreement.

**The table shows the Compliance Report status**

Particulars	Clause of listing agreement	Compliance status
<b>I. Board of Directors</b>	49 I	<b>Yes</b>
a. Composition of Board	49(IA)	<b>Yes</b>
b. Non-executive Directors Compensation & Disclosures	49(IB)	<b>Yes</b>
c. Other provisions as to Board and Committees	49(IC)	<b>Yes</b>
d. Code of Conduct	49(ID)	<b>Yes</b>
<b>II. Audit Committee</b>	49(II)	<b>Yes</b>
a. Qualified & Independent Audit Committee	49(IIA)	<b>Yes</b>
b. Meeting of Audit Committee	49(II B)	<b>Yes</b>
c. Powers of Audit Committee	49(II C)	<b>Yes</b>
d. Role of Audit Committee	49(II D)	<b>Yes</b>
e. Review of Information by Audit Committee	49(II E)	<b>Yes</b>
<b>III. Subsidiary Companies</b>	49(III)	<b>Yes</b>
<b>IV. Disclosures</b>	49(IV)	<b>Yes</b>
a. Basis of related party transactions	49(IVA)	<b>Yes</b>
b. Accounting treatment	49(IVB)	<b>Yes</b>
b. Board Disclosures	49(IVC)	<b>Yes</b>
c. Proceeds from public, rights, preference issues etc	49(IVD)	<b>Yes</b>
d. Remuneration of Directors	49(IVE)	<b>Yes</b>
e. Management	49(IVF)	<b>Yes</b>
f. Shareholders	49(IVG)	<b>Yes</b>
<b>V. CEO/CFO Certification</b>	49(V)	<b>Yes</b>
<b>VI. Report on Corporate Governance</b>	49 (VI)	<b>Yes</b>
<b>VIII Compliance</b>	49 (VII)	<b>Yes</b>

**OTHER COMPLIANCES**

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

**Secretarial Standards of Institute of company Secretaries of India (ICSI)**

The company has been following good secretarial practices and standards as laid down in the Secretarial Standards issued by the Institute of company Secretaries of India, New Delhi, except in relation to compliance of Secretarial Standard – 2, clause 1.2.6, which provides for listed companies with more than 5000 shareholders to publish in a newspaper having wide circulation within the States of India, where more than 1000 members reside an abridged text of the Notice, listing the items of the business of the Meeting.

**Secretarial Compliance Report**

The company has voluntarily subjected itself to Secretarial Audit and obtained Secretarial Compliance Report from Practicing Company Secretary of the Institute of Company Secretaries of India, for the financial year ended March 31, 2008, confirming the compliance of the applicable provisions of the various corporate laws.

## GENERAL SHAREHOLDERS INFORMATION

<b>32<sup>nd</sup> Annual General Meeting</b>	26 <sup>th</sup> day of September 2008 at 10.00 a.m
<b>Date, Time and Venue</b>	Sri Satya Sai Nigamagadam, Srinagar Colony, Hyderabad
<b>Dates of Book Closure</b>	September 15, 2008 to September 26, 2008 (both days inclusive)
<b>Registered Office</b>	Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
<b>Plant Location</b>	The company has two Plants located at Beach Road, Kakinada, East Godavari Dist., A.P.
<b>Compliance Officer</b>	Shri M Ramakanth, Vice President – Legal & Secretary Ph No. 040 233 553 17. Fax 040 233 502 47 Email : ramakanthm@nagarjunagroup.com
<b>Share Transfer Agent</b>	XL Softech Systems Limited, Plot No.3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034. Email : xlfield@rediffmail.com
<b>Dividend history for the last five years</b>	The company has not declared dividend since the year 2000.
<b>Tentative dates for considering Financial Results</b>	Quarter ending June 30, 2008 - 3 <sup>rd</sup> week of July '2008 Quarter ending September 30, 2008 - 3 <sup>rd</sup> week of October '2008 Quarter ending December 31, 2008 - 3 <sup>rd</sup> week of January '2009 For the year ending March 31, 2009 - 4 <sup>th</sup> week of April '2009
<b>Listing on Stock Exchanges &amp; Stock Code</b>	<b>STOCK CODE BSE : 500075</b> The Stock Exchange, Mumbai Corporate Relationship Department, 1 <sup>st</sup> Floor, New Trading Ring, Routunda Building, PJ Towers, Dalal Street, Fort Mumbai -400 001 <b>STOCK CODE NSE : NAGARFERT</b> National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor, Plot No.C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051
<b>Listing fee</b>	Listing fees for the year 2008-2009 has been paid to the stock exchanges, in the stipulated period, where the equity shares of the company are listed.
<b>ISIN No</b>	INE 580A01013 for NSDL and CDSL.
<b>CIN No.</b>	L24129AP1976PLC001983

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

We, K S Raju, Chairman & Managing Director and CEO and J Mahalingam, Chief Financial Officer, of Nagarjuna Fertilizers and Chemicals Limited, to the best of our knowledge and belief certify that :

1. We have reviewed the Balance Sheet and Profit and Loss Account of the company for the year ended March 31, 2008 and all its schedules and notes on accounts, as well as the Cash Flow Statement.
2. 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.
3. 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 **excepting to the extent of adjustment of write off of advances in the opening balance of Profit and Loss Account instead of Profit and Loss Account for the year as contemplated in Accounting Standard No.5 – Net Profit / Loss for the period, prior period items and changes in accounting policies.**
4. To the best of our knowledge and information :
  - a. these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading.
  - b. 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.
5. 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.
6. 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.
7. 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
  - a. that there were no deficiencies in the design or operation of internal controls, which we are aware;
  - b. that there have been adequate internal controls in the company.
  - c. 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  
April 29, 2008

**K S Raju**      **J Mahalingam**  
**Chairman &**    **Chief Financial**  
**Managing Director**    **Officer**