

Corporate Governance Report

For The Year 2011 - 2012

(Annexure D 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 of Corporate Social Responsibility

- ▶ Policy of Corporate Governance
- ▶ 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

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, 2012.

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 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 comprises 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 Non-Executive Directors and where the Chairman of the Board is an Executive Director, at least half of the Board should comprise Independent Directors.

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, our co-promoters Krishak Bharathi Co-operative Limited and nominees of core promoter companies.

The table below shows the composition of the Board as on March 31, 2012.

Category	No. of Directors	% of Total No. of Directors
Executive Directors	2	22%
Non-Executive Directors	1	11%
Non-Executive and Independent Directors	6	67%

BOARD MEETINGS HELD DURING THE YEAR

The Board of Directors met seven times during the year on April 02, 2011, June 17, 2011, July 27, 2011, August 11, 2011, August 18, 2011, November 8, 2011, and February 6, 2012.

DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD

None of the Directors of your Company are Directors on the Board of more than 15 companies or 10 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 Fertilizers and Chemicals Limited and Directorships held in other Companies, for the year 2011-12.

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 July 12, 2011		Board		Board Committees	
					Chair	Director	Chair	Director
NON-EXECUTIVE								
Shri Chandra Pal Singh Yadav @	00023382	1/7	–	NIL	7	4	5	1
INDEPENDENT & NON EXECUTIVE								
Dr. N. C. B Nath *	00026509	2/7	–	<ul style="list-style-type: none"> • Audit • Remuneration • Investor Grievance • Management 	–	2	3	1
Shri M. P. Radhakrishnan @	00129222	2/7	–	<ul style="list-style-type: none"> • Audit • Management • Investor Grievance • Investment • Remuneration 	–	–	–	–
Shri S. R. Ramakrishnan *	00015839	2/7	–	<ul style="list-style-type: none"> • Audit • Remuneration • Management 	1	3	1	5
Shri B. K. Batra @@	00011318	0/7	–	<ul style="list-style-type: none"> • Audit • Management • Remuneration • Investor Grievance • Investment 	–	4	–	6
Smt Medha Joshi***	00328174	–	–	<ul style="list-style-type: none"> • Audit • Investor Grievance • Management 	–	–	–	–
Shri S. P. Arora @	00061420	2/7	–	NIL	–	10	–	3
Shri Yogesh Rastogi @	01162334	2/7	–	NIL	–	1	–	1
Shri T. V. Dwarakanath ##	00266276	3/7	Yes	• Remuneration	–	4	–	–
Shri A. Vyas Maheswar Rao ##	00095636	3/7	Yes	• Remuneration	–	14	–	–
Shri K. Soma Raju **	00018539	5/7	Yes	• Remuneration	–	17	–	–
EXECUTIVE DIRECTORS								
Shri K S Raju #	00008177	5/7	Yes	<ul style="list-style-type: none"> • Audit • Management • Shares & Debentures • Banking • Investment 	7	7	8	4
Shri K Rahul Raju #	00015990	5/7	Yes	<ul style="list-style-type: none"> • Shares & Debentures • Banking • Audit • Management • Investment 	–	20	–	7

@ Appointed as Director with effect from August 18, 2011

* Appointed as Director with effect from July 27, 2011

Appointed as a Director with effect from June 17, 2011

Ceased to be a Director with effect from July 27, 2011

** Ceased to be a Director with effect from August 18, 2011

@@ Appointed as a Director with effect from August 18, 2011 and ceased to be a Director with effect from January 13, 2012

*** Appointed as Director with effect from February 21, 2012

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, cash flow, updates and all variances.
- ▶ Contracts in which Directors are deemed to be interested.
- ▶ Materially important showcause 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 on Clause 49 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 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 2011-12.

In ₹

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors
Non-Executive	
Shri Chandra Pal Singh Yadav	15,000
Independent & Non-Executive	
Shri B. K. Batra	Nil
Dr N. C. B. Nath	1,20,000
Shri M. P. Radhakrishnan	1,05,000
Shri S. R. Ramakrishnan	1,05,000
Shri S. P. Arora	30,000
Shri Yogesh Rastogi	30,000
Smt Medha Joshi	Nil

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 Ministry of Corporate Affairs, Government of India vide its letter dated May 16, 2012 informed that as the Company was not a listed Company and not a subsidiary of listed Company as on date of appointment, the application made for increase in remuneration is non-maintainable. The Company shall, if necessary, file an application for approval of the Ministry of Corporate Affairs, Government of India after the shares are listed on the stock exchanges and commence trading.

Shri K. S. Raju, Chairman and Shri K. Rahul Raju, Managing Director for the financial year ended March 31, 2012 shall receive commission of 0.5% of the profits of the Company limited to and totaling to ₹ 23.83 lakhs after the adoption of accounts by the shareholders of the Company.

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

@ Perquisites include housing, medical reimbursement, leave travel concession, club fees, personal accident insurance, gratuity, provident fund, superannuation fund, 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 paid to Executive Directors of the Company during 2011-12..

Directors Name	Salary p.m.	Perquisites	Performance Linked Bonus
Shri K. S. Raju	₹ 75,000/- with effect from August 1, 2011 ₹ 2,50,000/- with effect from November 8, 2011	@ perquisites are 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 K. Rahul Raju	₹ 75,000/- with effect from August 1, 2011 ₹ 2,50,000/- with effect from November 8, 2011	@ perquisites are restricted to an amount equal to the annual salary.	To be paid based on assessment of Board of Directors as applicable to managerial personnel

The table below lists the Directors whose remuneration is proposed to be increased:

INFORMATION PERTAINING TO WHOLETIME DIRECTORS

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Shri K. S. Raju	June 29, 1950	August 1, 2011	B.E	<ul style="list-style-type: none"> • Kanumuru Education and Knowledge Limited • Nagarjuna Oil Corporation Limited • Nagarjuna Oil Refinery Limited • Jaiprakash Engineering and Steel Company Limited • Nagarjuna Corporation Limited • Bhagiradha Chemicals & Industries Limited • Nagarjuna Agrichem Limited 	Nagarjuna Oil Corporation Limited <ul style="list-style-type: none"> • Project Management Committee • Audit Committee • Banking Committee • Remuneration Committee • Shares Allotment & Transfer Committee Jaiprakash Engineering and Steel Company Limited <ul style="list-style-type: none"> • Remuneration Committee Nagarjuna Oil Refinery Limited <ul style="list-style-type: none"> • Audit Committee • Shareholders/ Investor Grievance Committee • Management Committee • Shares & Debentures Committee • Banking Committee • Investment Committee
Shri K. Rahul Raju	August 31, 1976	August 1, 2011	B.Com. (Hons.)	<ul style="list-style-type: none"> • Nagarjuna Oil Corporation Limited • Nagarjuna Corporation Limited • Nagarjuna Agrichem Limited • Nagarjuna Oil Refinery Limited • The Fertilizer Association of India 	Nagarjuna Oil Refinery Limited <ul style="list-style-type: none"> • Shareholders/ Investor Grievance Committee • Management Committee • Shares & Debentures Committee • Banking Committee • Investment Committee Nagarjuna Corporation Limited <ul style="list-style-type: none"> • Audit Committee • Remuneration Committee

APPOINTMENT OF THE DIRECTORS

Dr. N. C. B. Nath, Shri S. R. Ramakrishnan and Shri Chandra Pal Singh Yadav were appointed as Additional Directors and hold office upto the date of the ensuing Annual General Meeting and being eligible, offers themselves for appointment as Directors, liable to retire by rotation.

The table below lists the Directors being appointed

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Dr N. C. B. Nath	February 17, 1930	July 27, 2011	Ph. D (Economics) LL. B	<ul style="list-style-type: none"> • Nagarjuna Oil Refinery Limited 	Nagarjuna Oil Refinery Limited <ul style="list-style-type: none"> • Audit Committee • Shareholders/ Investor Grievance Committee • Remuneration Committee • Management Committee
Shri S. R. Ramakrishnan	February 4, 1935	July 27, 2011	B.E. (Mech.) Hons	<ul style="list-style-type: none"> • Shriram EPC Limited • Nagarjuna Oil Corporation Limited • Nagarjuna Oil Refinery Limited 	Nagarjuna Oil Refinery Limited <ul style="list-style-type: none"> • Audit Committee • Management Committee • Remuneration Committee Shriram EPC Ltd. <ul style="list-style-type: none"> • Audit Committee • Investment Committee • Compensation Committee

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos..)	Membership of Committees of the Board in other Companies
Shri Chandra Pal Singh Yadav	March 19, 1959	August 18, 2011	M.Sc. B.Ed. LL.B	<ul style="list-style-type: none"> • 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 • Gujarat State Energy Generation Limited • National Agricultural Cooperative Marketing Federation (NAFED) • Co-operative Bank of India • Krishi Utpadan Evan Vipnan Sahakari Samiti • Gramin Vikas Trust (GVT) • National Co-op Consumer Federation of India limited • National Federation of Urban Co-op Banks and Credit Societies • General Council of NCDC • National Film and Fine Arts Co-op Limited 	<ul style="list-style-type: none"> • Krishak Bharathi Co.op. Limited (KRIBHCO) • Executive Committee • Audit Committee • Sub-committee on Marketing National Coop. Union of India (NCUI) • Executive Committee National Agricultural Cooperative Marketing Federation (NAFED) • Executive Committee Kribhco Shyam Fertilizers Limited (KSFL) • Remuneration Committee • Audit & Finance Committee Kribhco Infrastructure Limited (KRIL) • Audit & Finance • Sub-Group of 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.

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, 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 27, 2011 delegated powers to Shri K. S. Raju, Chairman and Shri 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

Shri K. S. Raju, Chairman and Shri K. Rahul Raju, Managing Director do not hold any shares in the Company as on March 31, 2012

None of the Non-Executive Directors held shares in the Company as on March 31, 2012.

PLEDGE OF SHARES

The Company shall make necessary disclosures to the stock exchanges intimating the details of the shares pledged by the promoter and every person forming part of the promoter group as maybe required from time to time under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

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 along with certificate of compliance appears in the 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 Company whenever required, engaged reputed consultants for advice on developing training and other processes in line with best international Corporate Governance practices.

The Board of Directors met periodically with Senior Managerial Personnel and discussed 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 was constituted on July 27, 2011 and comprises:

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

The Committee met once during the year under review

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 Committee was constituted on July 27, 2011 and met once during 2011-12.

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



Name of the Member	Category	Date of Meeting and attendance particulars 06.02.2012
Dr. N. C. B. Nath	Chairman	√
Shri B. K. Batra *	Member	–
Shri M. P. Radha Krishnan **	Member	√
Smt Medha Joshi***	Member	–
Shri K. S. Raju@	Member	–
Shri K. Rahul Raju@	Member	–

* Appointed as a Member with effect from August 18, 2011 and ceased with effect from January 13, 2012

** Appointed as a Member with effect from August 18, 2011

*** Appointed as a Member with effect from March 16, 2012

@ Appointed as Member on July 27, 2011 and ceased to be a Member with effect from August 18, 2011

√ – Present, x – Absent

The quorum is two members present in person.

Terms of reference:

The Committee, inter alia looks into and redresses shareholders/investors grievances relating 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
- 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 was constituted on July 27, 2011 and met twice during 2011-12, apart from considering matters through circulation due to inadequate quorum.

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	
		08.11.2011	06.02.2012
Shri K. S. Raju	Chairman	√	√
Dr N C. B. Nath	Member	√	√
Shri S. R. Ramakrishnan	Member	√	√
Shri K. Rahul Raju	Member	√	√
Shri B. K. Batra *	Member	x	–
Shri M. P. Radhakrishnan**	Member	√	√
Smt Medha Joshi***	Member	–	–

* Appointed as a Member with effect from August 18, 2011 and ceased with effect from January 13, 2012

** Appointed as Member with effect from August 18, 2011

*** Appointed as Member with effect from March 16, 2012

√ – Present, x – Absent

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 and 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 up to 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 was constituted on July 27, 2011 and comprises well-qualified and Independent Directors. Presently, it comprises six 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 and 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 Section 292A of the Companies Act, 1956.

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	
		08.11.2011	06.02.2012
Dr. N. C. B. Nath	Chairman	√	√
Shri B. K. Batra **	Member	X	–
Shri S. R. Ramakrishnan	Member	√	√
Shri M. P. Radhakrishnan *	Member	√	√
Smt Medha Joshi***	Member	–	–
Shri K. S. Raju	Member	√	√
Shri K. Rahul Raju	Member	√	√

√ – Present, x – Absent

** Appointed as a Member with effect from August 18, 2011 and ceased with effect from January 13, 2012

* Appointed as a Member with effect from August 18, 2011

*** Appointed as a Member with effect from March 16, 2012

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.

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, reappointment 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.

- d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
 - h) Review regarding the going concern assumption and compliance with the accounting standards.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) in terms of offer document/ prospectus issued if any.
 7. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 8. 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.
 9. Discussion with internal auditors any significant findings and follow up thereon.
 10. 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.
 11. 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.
 12. 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.
 13. To review the functioning of the whistle blower mechanism, in case the same is existing.
 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 15. To consider and commend to the Board appointment of Cost Auditor of the Company.
 16. To approve appointment of Chief Financial Officer of the Company.
 17. To review the Company's financial and risk management policies.
 18. The Audit Committee is empowered, pursuant to its terms of reference to:
 - a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.
 - b) 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, 2012

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 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 2012-13. M/s. M Bhaskara Rao & Co., have confirmed their eligibility under Section 224(1B) of the Companies Act, 1956.
- 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 Clause 41 of the Listing Agreement.
- j. The Committee is recommending to the Board, the reappointment of Shri Dantu Mitra as Cost Accountant of the Company, subject to the approval of the Central Government for the financial year 2012-13.
- k. Shri Dantu Mitra vide his letter dated March 9, 2012 has confirmed that
 - a. He is eligible to be appointed as Cost Auditor of the Company pursuant to sub-section (1-B) of Section 224, read with the sub-section (2) of Section 233 (B) of the Companies Act, 1956.
 - b. He holds a valid certificate of practice.
 - c. Pursuant to the revised procedure for appointment of Cost Auditor, as stated in Circular No.52/5/CAB-2011 dated April 11, 2011 Shri Dantu Mitra has further confirmed that he is not disqualified under any of the provisions of Section 226 of the Companies Act, 1956 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 28, 2012

Sd/-

Chairman, Audit Committee

5. BANKING COMMITTEE

The Banking Committee of Directors met six times during 2011-12 on October 31, 2011, November 8, 2011, December 5, 2011, December 27, 2011, March 2, 2012 and March 16, 2012

The Banking Committee comprises

Name of the Member	Category
Shri K. S. Raju	Chairman
Shri 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

There were no meetings of the Investment Committee of Directors during 2011-12.

The Investment Committee comprises:

Name of the Member	Category
Shri K. S. Raju	Chairman
Shri B. K. Batra *	Member
Shri K. Rahul Raju	Member
Shri M. P. Radhakrishnan**	Member

* Appointed as a Member with effect from August 18, 2011 and ceased with effect from January 13, 2012

** Appointed as a Member with effect from March 16, 2012

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. REMUNERATION COMMITTEE

The Committee was constituted on April 02, 2011

The Remuneration Committee of Directors met twice during 2011-12.

The table lists the members of the 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	
		05.06.2011	08.11.2011
Shri K. Soma Raju#	Member	√	–
Shri T. V. Dwarakanth*	Member	√	–
Shri A. Vyas Maheswara Rao*	Member	√	–
Dr. N. C. B. Nath**	Chairman	–	√
Shri S. R. Ramakrishnan ***	Member	–	√
Shri B. K. Batra @	Member	–	X
Shri M. P. Radhakrishnan \$	Member	–	–

√ - Present, X - Absent

* Ceased to be a Members with effect from July 27, 2011

** Appointed as Member and Chairman with effect from July 27, 2011

*** Appointed as Member with effect from July 27, 2011

Ceased to be a member with effect from August 18, 2011

@ Appointed as a Member with effect from August 18, 2011 and ceased with effect from January 13, 2012

\$ Appointed as Member with effect from March 16, 2012,

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.

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 organisation, '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. Your 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 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, 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 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, prohibiting 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 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

The Company 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, 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.

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.

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 will be 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 will be provided with other information like the Company's constitution, policies, organisation 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, authorize 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. Corporate Sustainability Policy

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.

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 quarterly 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 like The Hindu and Business Line and in vernacular newspapers like Eenadu.

Quarterly results sent electronically

The Company proactively requested the shareholders to inform the Company about their email IDs. As an investor-friendly measure, the unaudited financial results and audited financial results for the year ended March 31, 2012 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

CorpFiling/NEAPS facility

The Company, as a good governance measure, proactively and voluntarily commenced filing information to the stock exchanges through CorpFiling website, www.corpfiling.co.in and filing of returns through NEAPS website, www.connect2nse.com shall commence after obtaining relaxation from SEBI under Rule 19(2)(b) and the trading of shares commence.

Investor Grievance Redressal

The Company has 4,73,746 shareholders. The Company, during April 01, 2011 to March 31, 2012, received 6,697 letters/complaints from investors and 6,697 letters were attended and resolved.

The table below lists the details of shareholder's or depositor's queries/complaints/requests received and resolved during 2011-12.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	752	752	0
Share transfers	0	0	0	0
Demat/Remat of shares	0	0	0	0
Issue of duplicate certificates	0	0	0	0
Transmission of shares	0	0	0	0
General queries	0	5945	5945	0

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.

Compliance Officer

Shri M. Ramakanth, Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing Agreement entered with the stock exchanges.

Share Transfer Agents

XL Softech Systems Limited, Hyderabad 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.

Dematerialisation 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, 2012, over 90.91% of the Company's shares are in dematerialized form.

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

Total No. of equity shares : 59,80,65,003

Total No. of shareholders : 4,73,746

The table below shows the status 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	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 dematerialisation for both NSDL and CDSL is INE454M01024

RECONCILIATION OF SHARE CAPITAL AUDIT

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, 2012

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Value in ₹	% 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, 2012

Category	No. of shares held	% of shareholding
A. Promoter's holding	30,72,33,260	51.37
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	6,61,54,931	11.06
b. Indian public	17,28,19,586	28.90
c. NRIs/OCBs	57,76,991	0.97
d. Any other (please specify) trusts	2,58,90,457	4.33
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, 2012

S. No.	Name of the Company	%
Promoters		
1	Nagarjuna Corporation Limited	21.25
2	Nagarjuna Management Services Private Limited	13.14
3	Nagarjuna Holdings Private Limited	5.79
4	Governor of Andhra Pradesh	3.58
5	Baron Properties Private Limited	3.06
6	KRIBHCO	1.84
7	Fireseed Limited	1.47
Others - Private Corporate Bodies		
8	Zuari Industries Limited	5.40
9	NFCL Employee Welfare Trust	4.30
10	Nagarjuna Staff Betterment Company Pvt. Ltd.	1.46

LIST OF PROMOTER COMPANIES OF THE NAGARJUNA GROUP

Core Promoters

1. Nagarjuna Holdings Private Limited
2. Nagarjuna Management Services Private Limited
3. Nagarjuna Corporation Limited
4. Baron Properties (P) Limited
5. White Stream Properties (P) Limited
6. Growth Stream Properties Private Limited
7. Fireseed Limited

Co-Promoters

8. Government of Andhra Pradesh
9. Krishak Bharati Co-operative Limited
10. Saipem S.p.A. (formerly Snamprogetti S.p.A)

STOCK PRICE DATA

The Company filed applications for listing equity shares on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

BSE vide its letter dated December 14, 2011 and National Stock Exchange vide their letter dated January 13, 2012 granted approval to the listing application of equity shares made by the Company and trading will be permitted subject to the Relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 to be obtained from Securities and Exchange Board of India (SEBI).

GENERAL BODY MEETINGS

The Fifth Annual General Meeting of the Company held on July 12, 2011, was attended by seven shareholders.

Shri K. S. Raju, Director, chaired the meeting.

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

LAST THREE ANNUAL / EXTRA-ORDINARY GENERAL MEETINGS			
NO. OF AGM & F.Y	DATE & TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
3rd AGM 2008-09	July 15, 2009 at 11.00 A.M	10- 4-771/5/1A, Sriram Nagar Colony, Masab Tank, Hyderabad- 500028	<ul style="list-style-type: none"> • No special resolutions passed
4th AGM 2009-10	April 20, 2010 at 2.30 p.m.	10- 4-771/5/1A, Sriram Nagar Colony, Masab Tank, Hyderabad- 500028	<ul style="list-style-type: none"> • No special resolutions passed
EGM 2011-12	February 25, 2011 02.30 PM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> • Cancellation of existing capital of ₹ 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.
5th AGM 2010-11	July 12, 2011	A/612, Dalamal Towers, 211, Nariman Point, Mumbai-400021	<ul style="list-style-type: none"> • Appointment of M/s M Bhaskara Rao & Co, Chartered Accountants, Hyderabad as a Statutory Auditors in place of M/s M Anandam & Co • Appointment of Shri K. S. Raju as a Director and Chairman for a period of 3 years with effect from August 1, 2011 and payment of Remuneration in accordance with Schedule XIII and other provisions of the Companies Act, 1956. • Appointment of Shri K. Rahul Raju as a Managing Director for a period of 3 years with effect from August 1, 2011 and Remuneration in accordance with Schedule XIII and other provisions of the Companies Act, 1956. • Alteration of Objects Clause • Investment in Nagarjuna Fertilizers and Chemicals Nigeria Ltd under Section 372A of the Companies Act, 1956. • Furnishing a guarantee to the financial institutions and banks under Section 372A of the Companies Act, 1956. • Alteration of Articles of Association as per Section 31 of the Companies Act, 1956. • Shifting of Registered Office from state of Maharashtra to state of Andhra Pradesh as per section 17 of the Companies Act, 1956
EGM 2011-12	August 19, 2011 09.00 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	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 ₹ 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

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

The Company has no money remaining unclaimed with relation to fixed deposits, unclaimed deposits and interest on deposits.

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

Payment of Dividend

Members are requested to update their addresses and bank account details after implementing core banking solutions immediately to enable credit of dividend to their accounts directly.

Members holding shares in the Demat mode may update their bank account details in the prescribed form to their respective depository participants.

Members holding shares in physical form are encouraged to utilize the National Electronic Clearing System (NECS) for receiving dividend.

DISCLOSURES

Compliance with mandatory requirements of the Listing Agreement

a. Related party transactions

Subsidiaries

1. Jaiprakash Engineering and Steel Company Limited
2. Nagarjuna Mauritius Private Ltd

Step-down subsidiaries

1. Nagarjuna East Africa Limited (Subsidiary of Nagarjuna Mauritius Pvt Ltd)

Associates

1. Nagarjuna Agricultural Research and Development Insitute
2. KVK Raju International Leadership Academy

Associate to Subsidiary

Nagarjuna Spawnt Gmbh

Key Management Personnel

1. Shri K.S. Raju, Chairman
2. Shri K. Rahul Raju, Managing Director

Relatives of Key Management Personnel

1. Smt. K. Lakshmi Raju (Daughter of Shri K. S. Raju and sister of Shri K. Rajul Raju)
2. Smt. K. Lakshmi Raju (Sister of Shri K. S. Raju)

Enterprises able to exercise significant influence

1. Nagarjuna Management Services Private Ltd
2. NFCL Employees Welfare Trust
3. Nagarjuna Agrichem Ltd
4. Nagarjuna Oil Refinery Ltd

Related party transactions during the year ended 31.03.2012 are as under:

₹ in Lakhs

Sl. No	Nature of transaction	Subsidiaries March 31, 2012	Associates March 31, 2012	Key Mgmt. Personnel and Relatives March 31, 2012	Enterprises significantly influenced by Key Management personnel or their relatives
1	Advances given	1668.56 (Nil)	- (Nil)	- (Nil)	64.97 (Nil)
2	Lease rental received	- (Nil)	- (Nil)	- (Nil)	6.00 (Nil)
3	Remuneration to key management personnel	- (Nil)	- (Nil)	116.46 (Nil)	- (Nil)
4	Rent paid	- (Nil)	- (Nil)	55.01 (Nil)	6.00 (Nil)
5	Rent received	- (Nil)	- (Nil)	- (Nil)	1.59 (Nil)
6	Contribution	- (Nil)	- (Nil)	- (Nil)	2688.00 (Nil)
7	Management consultancy services	- (Nil)	- (Nil)	- (Nil)	1.50 (Nil)
8	Closing balances – Advances (Debit)	1668.56	-	-	64.97

Note: Figures in brackets represent previous year transactions

a. 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

b. Proceeds from the preferential issue of warrants

Not applicable

c. CEO and CFO Certification

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.

d. 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.

Clause 49 of the Listing Agreement

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

The table shows the Compliance Report status

Particulars	Clause	Compliance Status (Yes/No) & Remarks
I. Board of Directors 49 I		
A. Composition of Board	49 (IA)	Yes
B. Non-Executive Directors' Compensation & Disclosures	49 (IB)	Yes
C. Other Provisions as to Board and Committees	49 (IC)	Yes
D. Code of Conduct	49 (ID)	Yes
II. Audit Committee - 49 II		
A. Qualified & Independent Audit Committee	49 (IIA)	Yes
B. Meeting of Audit Committee	49 (IIB)	Yes
C. Powers of Audit Committee	49 (IIC)	Yes
D. Role of Audit Committee	49 (IID)	Yes
E. Review of Information by Audit Committee	49 (IIE)	Yes

Particulars	Clause	Compliance Status (Yes/No) & Remarks
III. Subsidiary Co's	49 (III)	Yes
IV. Disclosures - 49 IV		
A. Basis of Related Party Transactions	49 (IVA)	Yes
B. Accounting treatment	49 (IVB)	Yes
C. Board Disclosures	49 (IVC)	Yes
D. Proceeds from Public Issues, Rights Issues, Preferential Issues	49 (IVD)	Not Applicable
E. Remuneration of Directors	49 (IVE)	Yes
F. Management	49 (IVF)	Yes
G. Shareholders	49 (IVG)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report of Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

COMPLIANCE/NON-ADOPTION OF NON-MANDATORY REQUIREMENTS

S. No.	Particulars	Extent of compliance
1	Maintenance of Chairman's office or a Non-Executive Chairman	Not Applicable
2	Remuneration Committee	Complied
3	Shareholders rights	Not Adopted
4	Audit qualifications	Complied
5	Training of Board Members	Complied
6	Mechanism for evaluating Non-Executive Board members	Not Adopted
7	Whistle Blower Policy	Complied

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 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 5,000 shareholders to publish in a newspaper having wide circulation within India, where more than 1,000 members reside an abridged text of the Notice, listing the items of the business of the Meeting.

Secretarial Compliance Report

The Company 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, 2012, confirming the compliance of the applicable provisions of the various corporate laws.

For 2011-12, there were no adverse remarks by the Practicing Company Secretary in the Secretarial Compliance Report.

GENERAL SHAREHOLDERS INFORMATION

6th Annual General Meeting Day, Date, Time and Venue	Friday, August 31, 2012 at 11.30 AM Sri Satya Sai Nigamagadam, Srinagar Colony, Hyderabad
Dates of Book Closure	August 16, 2012 to August 31, 2012 (both days inclusive)
Registered Office	D.N. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
Plant Location	The Company has two urea and one customized fertilizer plants located at Kakinada in Andhra Pradesh and micro-irrigation system manufacturing facilities at Nacharam and Sadashivpet in Andhra Pradesh and Halol in Gujarat
Compliance Officer	Shri M Ramakanth, Vice President – Legal & Secretary Ph No. (040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
Share Transfer Agent	XL Softech Systems Limited Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034. Email : xlfield@rediffmail.com
Dividend history for the last five years	The Company has not declared dividend since inception.
Tentative dates for considering financial results	Quarter ending June 30, 2012 – 3rd week of July '2012 Quarter ending September 30, 2012 – 3rd week of October '2012 Quarter ending December 31, 2012 – 3rd week of January '2013 For the year ending March 31, 2013 – 4th week of April '2013
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 National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051
Listing fee	The Company has paid the initial listing fees to The Bombay Stock Exchange and The National Stock Exchange of India Limited, Mumbai.
ISIN No	INE454M01024 for NSDL and CDSL.
CIN No.	U24129AP2006PLC076238

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:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended March 31, 2012 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.
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 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;
 - d. That there were no changes in accounting policies during the year.

Place: Hyderabad
Date: May 28, 2012

K. Rahul Raju
Managing Director
Sudhir Bhansali
Chief Financial Officer

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.

I confirm that the Company has in respect of the financial year ended March 31, 2012 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, 2012.

Hyderabad
May 28, 2012

K. Rahul Raju
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Nagarjuna Fertilizers and Chemicals Limited
Punjagutta, Hyderabad

During 2011-12, M/s. Nagarjuna Fertilizers and Chemicals Limited (CIN # L24129AP1976PLC001983 incorporated on January 28, 1976) was involved in a Composite Scheme of Arrangement and Amalgamation (Scheme). As per the Scheme, the Oil Business Undertaking of NFCL was demerged into Nagarjuna Oil Refinery Limited and residual NFCL and iKisan Limited were merged into Kakinada Fertilizers Limited. Thereafter, M/s. Kakinada Fertilizers Limited (CIN U24129AP2006PLC076238 incorporated on November 17, 2006) changed its name to M/s. Nagarjuna Fertilizers and Chemicals Limited and shifted its Registered Office to Nagarjuna Hills, Punjagutta, Hyderabad. (Further, though the Erstwhile NFCL was demerged into Oil Business Undertaking and Residual NFCL; and merged themselves into separate entities; we included the period from April 01, 2011 to July 30, 2011 in our audit during when the Erstwhile NFCL was a listed Company.)

Further, we extensively examined the compliance of conditions of Corporate Governance by NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED (NFCL) (formerly Kakinada Fertilizers Limited) for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India. NFCL (immediately after merger and changing its name from KFL), even as an unlisted entity was complying with high levels of Corporate Governance and compliance of Clause 49 of the Listing Agreement.

M/s. NFCL received an approval for listing from Bombay Stock Exchange on December 14, 2011 and an In-principle approval for listing from National Stock Exchange on January 13, 2012. The Company is awaiting relaxation from SEBI under Rule 19 (2) (b) of the Securities Contracts (Regulation) Rules, 1957. The Company has been proactively and voluntarily complying with the requirements of the Listing Agreement, prior to the date of allotment, even before listing of the equity shares.

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.

The Share Transfer Agent of 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.

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

Place: Hyderabad
Date: June 8, 2012