

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2017-2018

(Annexure to the Directors' Report)

A. COMPANY'S PHILOSOPHY

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

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

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

'To be global leaders in plant nutrition' with a Mission.

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

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

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

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

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

GOVERNANCE PHILOSOPHY

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

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

- a) Preserving core values and ethical business conduct.
- b) Commitment to maximizing shareholder value on a sustained basis.

- c) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the Company.
- d) Perceiving and mitigating the various risks that impact the Company.
- e) Make timely and transparent disclosures.
- f) Legal and statutory compliances.

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

CORPORATE ETHICS

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

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

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, 2018. The Report is updated as on the date of the report wherever applicable.

B. BOARD OF DIRECTORS

ROLE OF BOARD OF DIRECTORS

The Board has its own charter which sets out the role, structure, responsibilities and operation of the Board. Nagarjuna Fertilizers and Chemicals Limited (hereinafter referred to as 'NFCL') is a professionally managed Company functioning under the overall supervision of the Board of Directors. Its Board comprises of the required proportion of Independent and Non-Independent Directors, including an Independent Woman Director in line with the provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

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

The Board provides strategic direction, reviews corporate performance, authorizes and monitors strategic decisions, ensures regulatory compliances and safeguards interest of Stakeholders. The Board is responsible for maintaining and nurturing high levels of Corporate Governance in the Company.

PECUNIARY RELATIONSHIP

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

COMPOSITION

The Board of Directors of the Company consists of an optimum combination of Executive, Non-Executive and Independent Directors, including women director, from eminent and diverse fields.

The Board comprises of nominees of IDBI Bank Limited, IFCI Limited, ICICI Bank Limited, State Bank of India and our co-promoters Krishak Bharathi Cooperative Limited and nominees of core promoter companies. The Board believes that the current size is appropriate based on the present circumstances and periodically evaluates the need for change in composition and size of the Board.

The composition of the Board as on March 31, 2018 is as under.

Category	No. Of directors	% of total no. of Directors
Executive Directors	2	15.38
Non-Executive Directors	1	7.69
Nominee Directors	4	30.77
Independent Directors	6	46.15

The changes in the composition of the Board subsequent to March 31, 2018 are as under:

- Withdrawal of Nomination of Mr. Anil Kumar P R by ICICI Bank Limited
- Cessation of office of Mr. D Ranga Raju
- Withdrawal of Nomination of Mr. O. Ramesh Babu by IFCI Limited

DIRECTORS ATTENDANCE AND DIRECTORSHIP AND COMMITTEE MEMBERSHIPS HELD

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

The details of the Board and Annual General Meeting attendance, Membership in all the Committees of Board of the Company and Directorships and Committee positions held in other companies, for the year 2017-18 are as under:

Director	DIN No	Attendance Particulars at			Committees of Board of NFCL	No. of Board, all the Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt., Sec.8 of Companies Act, 2013 etc.			
		Board Meetings		AGM held on September 26, 2017		Board		Board Committees ^a	
		Held	Attended			Chairman	Director	Chairman	Member

INDEPENDENT									
Dr. N. C. B Nath	00026509	4	4	Yes	<ul style="list-style-type: none"> Audit Management Nomination and Remuneration Stakeholders Relationship Corporate Social Responsibility Risk Management 	-	1	2	-
Mr. S. R. Ramakrishnan***	00015839	4	2	No	<ul style="list-style-type: none"> Audit Management Nomination and Remuneration Risk Management 	-	-	-	-
Ms. Lalitha Raghuram	07161344	4	3	No	<ul style="list-style-type: none"> Audit Nomination and Remuneration 	-	1	-	1
Mr. Uday Shankar Jha	00056510	4	4	Yes	Nil	-	-	-	-
Mr. C B Mouli	00042949	4	3	No	Audit	-	6	1	1
Mr. D Ranga Raju%	00066546	4	0	No	Nil	3	3	-	4
Capt. Hariharan Ramanathan*	03150763	4	1	No	Nil	-	2	-	-

NON EXECUTIVE									
Mr. Chandra Pal Singh Yadav	00023382	4	2	No	Nil	-	5	-	-
NOMINEE									
Mr. Anil Kumar P R [§]	06802394	4	4	Yes	• Asset Sale	-	1	-	-
Mr. S G Nadkarni**	03401830	4	1	No	• Management • Stakeholders Relationship • Risk Management • Asset Sale	--	--	--	--
Mr. O Ramesh Babu ^		4	2	Yes	Nil	-	1	-	-
Mr. Syed Shahabuddin	00985532	4	4	-	• Audit • Risk • Management • Asset Sale	-	-	-	-
Mr. Chintapalli Srinivasu**	00645263	4	1	-	• Management • Stakeholders Relationship • Corporate Social Responsibility • Risk Management	-	-	-	-
EXECUTIVE									
Mr. K. S. Raju	00008177	4	4	No	• Audit • Management • Shares & Debentures • Banking • Investment • Nomination and Remuneration • Risk Management • Corporate Social responsibility • Asset Sale	3	9	1	3
Mr. K. Rahul Raju	00015990	4	4	Yes	• Shares & Debentures • Banking • Management • Investment • Risk Management • Corporate Social responsibility • Asset Sale	--	6	--	1

* Capt. Hariharan Ramanathan was appointed as Independent Director with effect from January 20th, 2018.

** Mr. S G Nadkarni ceased to be a Nominee Director of IDBI with effect from November 7, 2017 and Mr. Chintapalli Srinivasu was inducted with effect from November 7, 2017 as Nominee Director of IDBI

***Mr. S R Ramakrishnan Ceased to be a Director with effect from October 23, 2017

§ Ceased to be Director with effect from April 16, 2018.

% Ceased to be director with effect from May 27, 2018.

^ Ceased to be director with effect from July 17, 2018

& The Chairmanship and Membership of the Audit Committee and the Stakeholders' Relationship Committee alone is considered as per Regulation 26 of Listing Regulations

RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

Mr. K. Rahul Raju is the son of Mr. K S Raju, Chairman & Whole Time Director. There is no other inter-se relationship with other directors and KMP of the Company.

BOARD AGENDA AND MINUTES

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

The Company is in compliance of Secretarial Standard on Meetings of Board of Directors and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India and approved by Central Government under Section 118(10) of Companies Act, 2013.

The Board of Directors meets at least once in every quarter inter alia to review the quarterly financial results and operations of the Company. Apart from this, Board Meetings are convened by giving appropriate notice to address specific needs and business requirements of the Company. Matters of urgent nature are approved by the Board by passing resolutions through circulation.

The dates of the Board Meeting are decided well in advance and are communicated to the directors to enable them make it convenient to attend the meeting. The maximum time gap between any two consecutive meetings did not exceed 120 days.

During the year under review the Board of Directors met four times on May 26, 2017, August 09, 2017, November 08, 2017, and February 9, 2018.

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

Mr. K Chandra Sekhar Naidu, Company Secretary acts as secretary to the Committees of the Board.

INFORMATION TO THE BOARD

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

- Monthly operations report and quarterly results of the Company.
- Annual operating plans, budgets, capital budgets, cash flow, updates and all variances.
- Contracts in which Directors are deemed to be interested.
- Materially important show-cause notices, demand, prosecutions or other legal notices.

- Materially relevant default in financial obligations to and by the Company.
- Significant labour problems and their proposed solutions and other significant developments.
- Compliance of any regulatory, statutory nature or listing requirements.
- Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.
- Status of subsidiary companies.
- Minutes of meetings of the Board of Directors of subsidiary companies.
- Details of related party transactions.
- Quarterly compliance report in terms of SEBI (Listing Obligation and Disclosure Requirements) and any non-compliance.
- Report on risk assessment and minimisation procedures.
- Information on recruitment and remuneration of senior managerial personnel below the Board level.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Issues which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- Details of any joint ventures or collaboration agreements.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

REVIEW OF LEGAL COMPLIANCE REPORTS

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

APPOINTMENT OF THE DIRECTORS

Non-Executive Director

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

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Mr. Chandra Pal Singh is attached to the Notice.

Independent Director

Independent Directors play an important role in the governance processes of the Board. The appointment of Independent Director is done in a structure manner taking the requirement

of skill sets and competence on the Board into consideration. The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. None of the Independent Directors serve as “Independent Directors” in more than seven listed companies, in line with the requirements of the Listing Regulations.

The Independent Director(s), have at the first meeting of the Board in which they participate as Director and thereafter at the first meeting of the Board in every financial year, confirmed that they meet the criteria of independence as provided under the Companies Act, 2013 and Listing Regulations.

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, it is proposed to appoint Capt. Hariharan Ramanathan as Independent Director of the Company, not liable to retire by rotation, up to the conclusion of the Seventeenth Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act and the Regulation 25 of Listing Regulations.

The appointment is being placed before the Members of the Company at the Twelfth Annual General Meeting for their approval.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Mr. Hariharan Ramanathan is attached to the Notice.

DETAILS OF FAMILIARIZATION PROGRAMMES TO DIRECTORS

The company believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders’ aspirations and societal expectations.

As a practice, a formal induction programme for new directors and a familiarization programme for all the directors, with respect to changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations and economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions, is an ongoing process in the company.

While inducting Directors on the Board, formal letter of appointment are issued to the Directors, inter alia, explaining their role, function, duties and responsibilities as Directors. The Memorandum and Articles of Association of the Company, copies of Annual Reports for the previous financial years, half year reports, organization structure, Company policies including Code of Conduct, Insider Trading Policy and Board Charter, Whistle Blower Policy etc. are also provided to the directors at the time of induction. The web link of familiarization programme is <http://www.nagarjunafertilizers.com/pdfs/Familiarization%20Prog.pdf>.

REMUNERATION POLICY

The Nomination and Remuneration Policy has been adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance of Section 178 of the Companies Act and Listing Regulations.

This Policy acts as a guideline for determining, inter-alia,

qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

REMUNERATION TO DIRECTORS

The Company has adopted a Nomination and Remuneration Policy in compliance of Section 178 of the Companies Act, 2013 and Listing Regulation. The Policy acts as a guideline for determining, among other things, the qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has adopted a Policy on Board Evaluation in compliance of Companies Act, 2013 and the Regulation 19 of Listing Regulations. The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Directors on regular basis and to take necessary steps for improving the effectiveness of the Board. The Nomination and Remuneration Committee of the Board is responsible for the evaluation of the Board, Committee and Directors.

Remuneration to Non-Executive Directors / Independent Directors

The Non-Executive Directors of the Company, whether Independent or Non-Independent, are paid sitting fees for attending the meetings of the Board of Directors / Committees of Board of Directors which is within the limits prescribed under the Act. There was no other pecuniary relationship or transactions between the Non-Executive Directors, their associates or relatives, and the Company during the Financial Year 2017-18.

Non-Executive Directors are not paid any commission during the year under review. The details of remuneration paid to Non-Executive Directors of the Company during 2017-18 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors are as under:

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors (in Rs.)
INDEPENDENT	
Dr. N. C. B. Nath	3,45,000
Capt. Hariharan Ramanathan @	15,000
Ms. Lalitha Raghuram	90,000
Mr. Uday Shankar Jha	60,000
Mr. C B Mouli	90,000
Mr. S R Ramakrishnan ^	1,35,000
Mr. Ranga Raju	-

NON-EXECUTIVE	
Mr. Chandra Pal Singh Yadav	30,000
NOMINEE	
Mr. Chintapalli Srinivasu %	75,000
Mr. O.Ramesh Babu *	30,000
Mr. S G Nadkarni **	60,000
Mr. P R Anil Kumar ***	60,000
Mr. Syed Shahabuddin	1,95,000

@ Capt Hariharan Ramanathan was appointed with effect from January 20, 2018

% Mr. Chintapalli Srinivasu Nominee Director being nominated by IDBI Limited with effect from November 7, 2017 and his sitting fee is paid to IDBI Bank.

^ Mr. S R Ramakrishnan retired with effect from October 23, 2017.

* Paid to IFCI Limited

** Mr. S G Nadkarni was withdrawn as Nominee Director with effect from November 7, 2017 and the sitting fee until that date is paid to IDBI Limited

*** Mr. Anil Kumar P R Nomination has been withdrawn by ICICI Limited with effect from April 16, 2018 and sitting fee until that date is paid to ICICI Limited.

Remuneration to Executive Directors

The Executive Directors remuneration is subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions. The Board, on the recommendations of the Nomination and Remuneration Committee, considers the remuneration of the Executive Directors. The Board recommends the remuneration of Executive Directors, for approval of the shareholders, at the General Body Meeting or any such authority as may be required.

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

The details of remuneration approved by the Members of the Company, for payment to Executive Directors, during 2017-18 are as under:

Directors Name	Salary per month	Commission	Perquisites
Mr. K. S. Raju	Rs.5,00,000/-	0.5% of the net profits of the Company limited to annual salary	Perquisites other than medical reimbursement are restricted to an amount equal to the annual salary.
Mr. K. Rahul Raju	Rs.5,00,000/-	0.5% of the net profits of the Company limited to annual salary	Perquisites other than medical reimbursement are restricted to an amount equal to the annual salary.

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

Based on the approval of the shareholders, as specified above, the actual remuneration paid to Executive Directors are as under:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. K S Raju, Chairman	Mr. Rahul Raju, Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51,41,667	51,58,334	1,03,00,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	6,64,823	8,17,826	14,82,640
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	(a) as % of profit (b) others, specify	-	-	-
5	Others	9,54,231	9,54,231	19,08,462
	Total (A)	67,60,721	69,30,390	1,36,91,111
	Ceiling as per Act			1,32,13,558

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.

Apart from the above, the Executive Directors do not receive any other remuneration. Further the Company does not have any stock option scheme for the managerial personnel.

The Shareholders at the Eleventh Annual General Meeting held on September 26, 2017 approved the Appointment of Mr. K Rahul Raju as Managing Director and Mr. K S Raju as Whole Time Director / Chairman of the Company for a period of three years with effect from August 1, 2017 and to increase the Managerial Remuneration to Rs.500,000/-per month. An application to this effect has been filed with the Central Government (Ministry of Corporate Affairs) which is pending for approval.

RELATED PARTY TRANSACTIONS

The Board's Report contains information in this regard.

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.

MEETINGS OF INDEPENDENT DIRECTORS

The Companies Act, 2013 and Listing Regulations mandate that Independent Directors of the Company shall meet at least once every year without the presence of Executive Directors or management personnel. Such meetings enable Independent Directors to discuss matters pertaining to the Company's affairs and matters mentioned in Schedule IV to the Act.

The Independent Directors met on August 8, 2017, May 25, 2018 and July 26, 2018 and apart from other matters connected to the operations and strategy of the Company, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

RESPONSIBILITIES OF THE DIRECTORS

Responsibilities of the Board

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

Responsibilities of the Chairman and Managing Director

The Board of Directors at their Meeting held on August 09, 2017 delegated powers to Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director to enable them to carry out the day-to-day operations of the Company. The powers encompass all areas such as finance, personnel, legal, general and miscellaneous powers.

SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director do not hold any shares in the Company as on March 31, 2018. None of the Non-Executive Directors held shares in the Company as on March 31, 2018.

TRAINING FOR THE BOARD MEMBERS

As part of ongoing knowledge sharing, the Board of Directors are updated with relevant statutory amendments and landmark judicial pronouncements encompassing important laws such as Company law, SEBI Law, Income Tax Law, among others at meetings of the Board of Directors.

The Board of Directors met periodically with Senior Managerial Personnel and discuss areas of interest of the Company.

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

COMMITTEES TO THE BOARD

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

AUDIT COMMITTEE

The Committee comprises of three Independent Directors, One Nominee Director and One Executive Director. The Company Secretary acts as secretary of the Audit Committee. The permanent invitees include Managing Director, Chief Financial Officer, representatives of statutory auditors and internal auditors. Further, the cost auditor and other executives of the Company are invited in the Audit Committee meetings, as and when required. The Chairman of the Audit Committee was present at the last Annual General Meeting.

All the Members of the Committee possess adequate knowledge of finance and accounts. The scope of the activities of the Committee is in conformity with Regulation 18 of Listing Regulations read with Section 177(4) of the Companies Act, 2013. All the recommendation made by the Audit Committee were accepted by the Board. The Members of the Audit Committee and the various dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Category		Attendance at the Audit Committee Meetings held on			
			26.05.2017	09.08.2017	08.11.2017	09.02.2018
Dr. N. C. B. Nath	Chairman	Independent	Present	Present	Present	Present
Mr. S. R. Ramakrishnan*	Member	Independent	Present	Present	Not Applicable	Not Applicable
Mr. K. S. Raju	Member	Non-Independent	Present	Leave of Absence	Present	Present
Ms. Lalitha Raghuram	Member	Independent	Present	Leave of Absence	Present	Present
Mr. C B Mouli	Member	Independent	Present	Leave of Absence	Present	Present
Mr. Syed Shahabuddin [§]	Member	Non-Independent	Not Applicable	Present	Present	Present

* Ceased to be a member with effect from October 23, 2017

§ Inducted with effect from May 26, 2017.

The quorum for the Audit Committee is two Members or 1/3rd of the strength of the Audit Committee, whichever is higher with at least two Independent Directors present at the meeting.

Terms of Reference

- a) 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.
- b) Recommending to the Board, the appointment, re-appointment remuneration and terms of appointment of auditors of the Company.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgement by management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with listing and other legal requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Qualifications in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- g) Review and monitor the auditor's independence and performance and effectiveness of audit process.
- h) Approval or any subsequent modification of transactions of the Company with related parties.
- i) Scrutiny of inter-corporate loans and investments.
- j) Valuation of undertakings or assets of the Company, wherever it is necessary.
- k) Evaluation of internal financial controls and risk management systems.
- l) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n) Discussion with internal auditors any significant findings and follow up thereon.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the Whistle Blower mechanism.
- s) To approve the appointment of CFO / Whole time Finance Director.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u) To consider and commend to the Board appointment of Cost Auditor of the Company.

REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2018

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.
- c. The Audit Committee noted the Audit Report, the view of the Auditee and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the course of the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.
- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee is recommending to the Board the ratification of the appointment of M/s. M Bhaskara Rao & Co., Chartered Accountants as statutory auditors of the Company for the Financial Year 2018-19. M/s M Bhaskara Rao & Co., have been appointed as Statutory Auditors of the Company, to carry out audit of the accounts of the Company for a term of five years commencing from the conclusion of Eighth Annual General Meeting till the conclusion of thirteenth Annual General Meeting subject to ratification at every Annual General Meeting. M/s. M Bhaskara Rao & Co., have confirmed their eligibility under Section 141 of the Companies Act, 2013.
- i. M/s. M Bhaskara Rao & Co., have also confirmed that they have a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as per the requirements of Regulation 33(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- j. The Committee is recommending to the Board, the appointment of M/s. Sagar & Associates as Cost Accountant of the Company, for the financial year 2017-18.
- k. M/s. Sagar & Associates have confirmed that:
 - a. They are eligible to be appointed as Cost Auditor of the Company pursuant to Section 141 of the Companies Act, 2013.
 - b. They hold a valid certificate of practice.
 - c. They are not disqualified under any of the provisions of Section 148 of the Companies Act, 2013 and further stated that they are maintaining an arm's length relationship with the Company.

Hyderabad
July 27, 2018

Sd/-
Chairman, Audit Committee

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of two directors. The quorum is two Members present in person. The details as to Members of the Committee and the various dates on which meetings were held and their attendance particulars are as under:

Name of the Member	Category		Date of Meeting and attendance particulars	
			26.05.2017	09.02.2018
Dr. N. C. B. Nath	Chairman	Independent	Present	Present
Mr. S G Nadkarni*	Member	Non-Independent	Present	Not Applicable
Mr. Chintapalli Srinivasu **	Member	Non-Independent	Not Applicable	Present

* Ceased to be a member with effect from November 07, 2017.

** Inducted as a member with effect from November 07, 2017.

The Committee met two times during 2017-18. Mr. K Chandra Sekhar Naidu, Company Secretary acts as Compliance Officer.

Terms of Reference:

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

Investor Grievance Redressal

The Company had 4,41,223 investors as on March 31, 2018. During the year under review, the status of requests and complaints received was as follows:

Complaints

- i) Number of complaints pending as on April 1, 2017: NIL
- ii) Number of shareholder complaints received: 3880
- iii) Number of complaints resolved: 3880
- iv) Number of complaints not resolved to the satisfaction of shareholders: NIL
- v) Number of complaints pending as on March 31, 2018: NIL

Requests

- i) Number of Requests pending as on April 1, 2017: NIL
- ii) Number of shareholder Requests received: 6322
- iii) Number of Requests resolved: 6322
- iv) Number of Requests not resolved to the satisfaction of shareholders: NIL
- v) Number of Requests pending as on March 31, 2018: NIL

SHARE TRANSFER SYSTEM

The Company's transfer of shares is fully computerized. Applications for transfer of shares held in physical form are received at the office of the Registrars & Share Transfer Agents of the Company. All valid transfers are processed and registered within 15 days from the date of receipt.

Shares held in the dematerialised form are electronically traded in the Depository and the Registrars & Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

The Company obtains certificate from a practicing Company Secretary in terms of Regulation 40(9) of the Listing Regulations certifying that all the certificates have been issued within 15 days of the date of lodgment for transfer, and thereafter submit the same to the stock exchanges.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted by the Board of Directors in compliance with Section 178(1) of the Companies Act, 2013 and Regulation 19 of Listing Regulations.

The Nomination and Remuneration Committee met only once on August 09, 2017. The details as to Members of the Nomination and Remuneration Committee and their attendance particulars are as under:

Name of the Member	Category		Attendance Particulars
Dr. N C B Nath	Chairman	Independent	Present
Mr. K. S. Raju	Member	Non-Independent	Present
Mr. S. R. Ramakrishnan *	Member	Independent	Present
Ms. Lalitha Raghuram	Member	Independent	Leave of absence
Mr. Srinivasu Chintapalli**	Member	Non-Independent	Not Applicable

* Ceased to be a Member with effect from October 23, 2017

** Inducted as a Member with effect from November 07, 2017.

Dr. NCB Nath, Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on September 26, 2017.

Terms of Reference:

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

PERFORMANCE EVALUATION OF DIRECTORS AND CRITERIA FOR EVALUATION

As per the provisions of the Companies Act, 2013 and Listing Regulations, the company has devised a framework for performance evaluation of Independent Directors, Board, Committees and other Directors. A structured questionnaire was prepared after taking into consideration, inputs received from the Directors covering various aspects of the Board's functioning such as composition of the Board and its Committees, execution and performance of specific duties, obligations and governance, information flows, decision making, Board dynamics, Company performance, etc.

Based on the responses to the questionnaires received from the Directors, the Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The composition of the Corporate Social Responsibility Committee and the details of Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	Date of Meeting and attendance particulars		
		26.05.2017	09.08.2017	09.02.2018
Dr. N. C. B. Nath	Chairman	Present	Present	Present
Mr. K S Raju	Member	Present	Present	Present
Mr. K Rahul Raju	Member	Present	Present	Present
Mr. Chintapalli Srinivasu*	Member	Not Applicable	Not Applicable	Present

* Inducted as a Member with effect from November 7, 2017

The Corporate Social Responsibility Committee met thrice during 2017-18.

Terms of reference:

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

The company under the aegis of Nagarjuna Foundation made significant contributions in the field of education, sports, healthcare, and community welfare activities. Even though the company is not under obligation to undertake Corporate Social Responsibility activities, has been undertaking the same to maintain the CSR activities already commenced and the need to sustain the same.

RISK MANAGEMENT COMMITTEE

Business Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks as also to identify business opportunities. Even though Regulation 21 of Listing Regulations is not applicable to the Company, the Board of Directors of the Company constituted a Risk Management Committee of the Board on May 29, 2014, as a good governance initiative. The scope of the activities of the Committee is in conformity.

The Risk Management Committee of Directors met four times during 2017-18.

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

Name of the Member	Category	Dates of Meeting and attendance particulars			
		26.05.2017	09.08.2017	08.11.2017	09.02.2018
Dr. N. C. B. Nath	Chairman	Present	Present	Present	Present
Mr. S. R. Ramakrishnan*	Member	Present	Present	Not Applicable	Not Applicable
Mr. S G Nadkarni **	Member	Present	Leave of absence	Not Applicable	Not Applicable
Mr. K S Raju	Member	Present	Present	Present	Leave of absence
Mr. K Rahul Raju	Member	Present	Present	Present	Present
Mr. Syed Shahabuddin	Member	Not Applicable	Present	Present	Present
Mr.Chintapalli Srinivasu***	Member	Not Applicable	Not Applicable	Not Applicable	Present

* Ceased as a Member with effect from October 23, 2017

** Ceased as a Member with effect from November 07, 2017

*** Inducted as a Member with effect from November 7, 2017

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

Terms of reference:

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

SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee comprises of:

Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member

The Committee met 35 times during the year 2017-18 apart from considering the matters through circulation. The quorum is two Members present in person.

Terms of reference:

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

MANAGEMENT COMMITTEE

The Management Committee of Directors met four times during 2017-18 apart from considering matters through circulation. The table below lists the Members of the Management Committee and the various dates of meetings and their attendance particulars.

The quorum is two Members present in person.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		26.05.2017	09.08.2017	08.11.2017	09.02.2018
Mr. K. S. Raju	Chairman	Present	Leave of absence	Present	Present
Dr. N C B Nath	Member	Present	Present	Present	Present
Mr. S. R. Ramakrishnan*	Member	Present	Present	Not Applicable	Not Applicable
Mr. K. Rahul Raju	Member	Present	Present	Present	Present
Mr. S G Nadkarni**	Member	Present	Leave of absence	Not Applicable	Not Applicable
Mr. Syed Shahabuddin	Member	Not Applicable	Present	Present	Present
Mr. Chintapalli Srinivasu***	Member	Not Applicable	Not Applicable	Not Applicable	Present

* Ceased to be a member with effect from October 23, 2017

** Ceased to be a member with effect from November 07, 2017.

***Appointed as a member with effect from November 07, 2017.

Terms of reference:

1. 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.
2. To formulate annual budgets/business plans for the Company.
3. To approve capital expenditure other than proposals for expansion, diversification, modernization and de-bottlenecking, including Research Projects and R&D division and investment in immovable property, above Rs.5 crores up to Rs.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.
4. To approve revenue expenditure above Rs.5 crores up to Rs.10 crores in case of procurements on a single tender basis or above Rs.10 crores up to Rs.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.
5. 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.
6. To lay down and review from time to time the Company's employment policy.

BANKING COMMITTEE

The Banking Committee of Directors met two times during 2017-18 on May 22, 2017 and June 18, 2017. The quorum is two Members present in person. The Banking Committee comprises of:

Mr. K. S. Raju	- Chairman
Mr. K. Rahul Raju	- Member

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.

INVESTMENT COMMITTEE

The committee has not met during the year under review. The Investment Committee comprises:

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

The quorum is two Members present in person.

Terms of reference:

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

ASSET SALE COMMITTEE

The Board of Directors of the Company had constituted an Asset Sale Committee of the Board of Directors on July 23, 2015 to look into matters of asset monetization of the Company. The quorum is two Members present including one Institutional Nominee. The table below lists the Members of the Asset Sale Committee

Name of the Member	Category
Mr. S G Nadkrani *	Member
Mr. K S Raju	Member
Mr. K Rahul Raju	Member
Mr. Anil Kumar PR***	Member
Mr. Syed Shahabuddin	Member
Mr. Chintapalli Srinivasu **	Member

* Ceased as a Member with effect from November 7, 2017

** Inducted as a Member with effect from November 7, 2017

*** Ceased as a Member with effect from April 16, 2018

The term of reference of the Committee is to monitor the progress in asset monetization by sale of various assets considered non-performing. The Committee did not meet during the year in review.

RISK ASSESSMENT AND MINIMISATION PROCEDURE

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

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

SUBSIDIARY COMPANIES

The Company does not have any "material subsidiary" as defined in the Listing Regulations. The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through web link <http://www.nagarjunafertilizers.com/pdfs/Policy%20on%20Material%20subsidiary.pdf>

The Financial Statements and Minutes of Meeting of Board of Directors of Subsidiary Company are tabled at the Meetings of the Audit Committee and Board of Directors of the Company.

PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated the "CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS" which allows the formulation of a trading plan subject to certain conditions and requires preclearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares, by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period(s) when the Trading Window to deal in the Company's shares is closed. The Company Secretary is responsible for implementation of the Code. The Board of Directors, designated employees and connected persons have affirmed compliance with the Code.

The code can be accessed through web link:

<http://www.nagarjunafertilizers.com/pdfs/Code%20of%20Conduct%20to%20regulate,%20monitor%20and%20report%20trading%20by%20Insiders.pdf>

CODE OF CONDUCT AND ETHICS

The Company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel which forms the basis of its ethics and compliance program. The Code was circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website www.nagarjunafertilizers.com.

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

MANAGEMENT DISCLOSURES

Senior management of the company make annual disclosures to the Board on all material financial and commercial transactions in which they may have personal interest, if any, and which may have a potential conflict with the interest of the company. Transactions with key managerial personnel are listed in "Notes forming part of the financial statements for the year ended March 31, 2018" of this annual report under related party transactions.

C. MANAGEMENT

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

All these policies, procedures and practices are elaborated hereunder:

1) Policy on Corporate Governance

The Company always makes conscious efforts to inculcate best global Corporate Governance practices and goes beyond adherence to regulatory framework. The Company towards its commitment to trusteeship, transparency, accountability and equality in all its dealings and to maintain positive bonding has put in place a 'Policy of Corporate Governance'.

2) Policy on Corporate Social Responsibility (CSR)

The Company's dedicated philosophy of "Serving Society through Industry" is envisaged through the above policy. At Nagarjuna, CSR is an initiative to "create new value" to economic, environmental and social issues and is intended to identify your Company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

3) 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.

4) 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.

5) Prohibition of Insider Trading

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

6) Policy on Succession Planning

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

7) Policy on Employee Participation in Management (EPM)

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

8) Whistle Blower Policy / Vigil Mechanism

The Company formulated a policy in compliance with Regulation 22 of Listing Regulations and Section 177(9) of the Companies Act, 2013. The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

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

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

9) Legal Compliance Policy

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

The Company uses an IT-enabled Company specific Legal Compliance Management System known as "nSure" to ensure legal and regulatory compliances of various central, state and local statutes applicable across the Company.

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

10) 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).

11) 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.

12) Policy on Induction of Directors

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

13) 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.

14) 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 organization 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.

15) Policy on Corporate Sustainability

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

16) Policy on Sexual Harassment at workplace

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

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

The Company has not received any complaint alleging sexual harassment during the year 2017-18.

17) Policy on Related Party Transactions

The Company has formulated a Policy on Materiality of Related Party Transactions In compliance with Regulation 23 of Listing Regulations. The Company to the extent possible does ensure that there are no related party transactions and if entered into due to exigencies and in the event entered into shall enter into the transaction as if entered into between unrelated parties.

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

18) Policy on Board Evaluation

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

19) Policy on Nomination and Remuneration

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

20) Policy for determining Material Subsidiaries

The Policy for determining Material Subsidiaries pursuant to Regulation 16 (c) of Chapter IV of Listing Regulations, determines the criteria for classifying a subsidiary as 'Material' in accordance with the provisions of this Policy.

21) Policy for preservation and archival of documents

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

22) Policy on Disclosure of Material Events

The Policy is drawn in accordance with Regulation 30 of Listing Regulations which states that every Company listed on the Stock Exchange shall make disclosures of any events or information which, in the opinion of the Board of Directors of the listed Company, is material.

23) Policy on Bio-diversity

Protecting and enhancing biodiversity which is an integral part of the Company's commitment to sustainable development.

24) Gift Policy

The purpose of this Policy is to inform one and all of the Company's philosophy on acceptance by associates and giving of gifts to others.

25) HSE Policy

To lay down a policy in relation to Health, Safety and Environment.

26) Human Rights Policy

The purpose of this policy is to ensure protecting human life and promoting social well-being.

MANAGEMENT DISCUSSION AND ANALYSIS

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

MANAGEMENT DISCLOSURES

Directors and Senior Management Personnel of the Company, as well as certain identified key associates, in compliance with Regulation 26 of Listing Regulations, make yearly disclosures to the Board relating to all material, financial and commercial transactions where they have interest, conflicting with the interest of the Company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

D. STAKEHOLDERS

DISSEMINATION OF INFORMATION

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

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

Green Initiative:

As a responsible corporate citizen, the Company accepts and supports the "Green Initiative" undertaken by the Ministry of Corporate Affairs, enabling delivery of documents including Annual Reports through electronic mode to shareholders at their e-mail address registered with the Depository Participants / Company.

The Company has proactively requested the shareholders to inform their email IDs. As an investor-friendly measure, the unaudited quarterly financial results and audited financial results for the year ended March 31, 2018 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@nagarjungroup.com

BSE Filing/ NEAPS facility

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

Remote E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, the Company is providing remote e-voting facility of casting votes using an electronic voting system from a place other than venue of the General Meeting and voting at the

General Meeting through Ballot form on all the resolutions set forth in the Notice to the Twelfth Annual General Meeting to be held on Saturday i.e., September 29, 2018 at 10.00 AM. The Company shall also provide shareholders to cast their votes at the venue of the AGM. The Company has engaged the services of Central Depository Services (India) Limited to provide remote e-voting platform to the shareholders.

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

Shareholders who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent so as to reach the company or scrutinizer, on or before closing of business hours of September 28, 2018.

Compliance Officer

Mr. K Chandra Sekhar Naidu, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, and the Listing Regulations.

Share Transfer Agents

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

Nomination facility

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

RECONCILIATION OF SHARE CAPITAL AUDIT

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

DISTRIBUTION OF SHAREHOLDING:

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2018

	Category	No. of shares held	% of shareholding
A.	Promoter's holding	341700129	57.13%
B.	Non-promoters holding		
	I. Institutional investors		
	a. Mutual funds and UTI	233915	0.04%
	b. Banks, financial institutions, insurance companies (Central / State Government institutions / non-government institutions)	7287529	1.22%
	c. Foreign Institutional Investors	4964995	0.83%
	II. Others		
	a. Private corporate bodies	56341625	9.42%
	b. Indian public	180595552	30.20%
	c. NRIs/OCBs	6789206	1.14%
	d. Trusts	151552	0.03%
	e. Foreign National	500	0.00%
	GRAND TOTAL	598065003	100.00%

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2018

S. No.	Name of the Company	%
	Core Promoters	
1	Amlika Mercantile Private Limited	49.51%
	Co-Promoters	
1	Governor of Andhra Pradesh	3.58%
2	KRIBHCO	1.84%
3	Fireseed Limited	1.47%
	Others - Private Corporate Bodies	
1	Zuari Agro Chemicals Limited	5.40%

LIST OF PROMOTER COMPANIES OF THE COMPANY

Core Promoters

1. Amlika Mercantile Private Limited

Co-Promoters

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

GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held at Sri Satya Sai Nigamagaram, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073, Telangana as under:

Financial Year	No. of Annual General Meeting	Date	Time	Transactions / Business approved by Special Resolutions
2016-17	Eleventh	September 26, 2017	10.00 A.M	<ul style="list-style-type: none"> Re-appointment of Mr. K S Raju as Director and Chairman of the Company with effect from August 1, 2017. Re-appointment of Mr. K Rahul Raju as Director and Managing Director of the Company with effect from August 1, 2017. Approval to create mortgage and/ or charge on all immovable or movable properties or other assets in favour of the JLF lenders to create security. Approval for making contribution to Nagarjuna Foundation for amount not exceeding Rs. 1 crore during the Financial Year 2017-2018
2015-16	Tenth	September 30, 2016	10.00 A.M	To sell and transfer the realized net proceeds of the Fractional Entitlements arising out of the Scheme to Investor Education and Protection Fund (IEPF)
2014-15	Ninth	September 29, 2015	10.00 A.M	<ul style="list-style-type: none"> Contribution not exceeding Rs. 2 crores to Nagarjuna Foundation for undertaking CSR Activates on behalf of the Company. Borrowings money not exceeding Rs.7500 crores under Section 180(1)(c) of the Companies Act, 2013 Approval for creation of mortgages, charges and hypothecation to secure borrowings in accordance with Section 180(1)(a) of the Companies Act, 2013

The details of approvals accorded by Special Resolution by shareholders during the last three years, at the Extraordinary General Meeting held at Nagarjuna Hills, Punjagutta, Hyderabad -500082, Telangana are as under:

Date	Time	Transactions / Business approved by Special Resolutions
September 12, 2011	9.00 AM	<ul style="list-style-type: none"> Alteration of Articles of Association as per Section 31 of the Companies Act, 1956. Contribution of sum not exceeding Rs.1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956
August 19, 2011	09.00AM	<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
February 25, 2011	02.30 PM	<ul style="list-style-type: none"> Cancellation of existing capital of Rs.5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956. Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.

During the last year, no Extraordinary General Meeting was convened and also, the company has not passed any resolution through postal ballot. There is no immediate proposal for passing a resolution through postal ballot. In case a resolution is proposed to be passed through postal ballot, the procedure of postal ballot and other requisite details shall be provided in the postal ballot notice.

Distribution of Shareholding

Distribution of Equity shareholding as at March 31, 2018:

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Value in Rs.	% to Total
Up to 5000	437815	99.23	133553749	22.33
5001 – 10000	1885	0.43	13106936	2.19
10001 – 20000	842	0.19	11452511	1.91
20001 – 30000	243	0.06	5983796	1.00
30001 – 40000	124	0.03	4304354	0.72
40001 – 50000	61	0.01	2788782	0.47
50001 – 100000	136	0.03	9841055	1.65
100001 and Above	117	0.03	417033820	69.73
TOTAL	441223	100.00	598065003	100.00

Dematerialization of Shares and Liquidity

The Company's shares are available for dematerialization with both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2018, 92.78% of the shares of the company are in dematerialization mode.

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

Total No. of shareholders as on March 31, 2018: 4,41,223

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Shareholders	% to Total Shareholders
Physical form	4,31,73,810	7.22%	1,98,107	44.90%
Held in electronic mode	55,48,91,193	92.78%	2,43,116	55.10%
Total	59,80,65,003	100.00%	4,41,223	100.00%

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

DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS

The Company has not raised any funds from the public. There are no GDRs / ADRs / Warrants or any convertible instruments as at the end of March 31, 2018.

Commodity Price Risk/ Foreign Exchange Risk and Hedging activities:

The commodity price risk of the Company may arise mainly out of imported fertilisers due to fluctuation of prices in the international market. The Company controls such risk through dynamic sourcing strategy and supply plan including constant review of market conditions and costing of competitors. In addition to the above, the prices of natural gas are subject to fluctuation on account of change in prices of crude oil and demand-supply factors. The Company is not affected by price volatility of natural gas as the cost of natural gas is pass through under the Urea pricing policy if the consumption is within the permissible norms. The Company did not enter into any transaction for hedging the commodity price risk.

The foreign exchange risk of the Company arises mainly out of import of fertilisers. The Company continuously monitors its foreign exchange exposure and hedges its foreign exchange risk exposure to the extent considered necessary through forward contracts and option structures.

MONEYS REMAINING UNCLAIMED WITH THE COMPANY

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

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

Certifications:

The Managing Director and Chief Financial Officer, certify every quarter that the unaudited financial results of the Company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification:

As required under Regulation 17(8) of the Listing Regulations, the Managing Director / Chief Executive Officer and Chief Financial Officer of the Company have certified the accuracy of Financial Statements, the Cash Flow Statements and adequacy of Internal Control Systems for financial reporting for the year ended March 31, 2018 and the Certificate is annexed to this Report.

Code of Conduct and Ethics Certification:

The Company had adopted Code of Conduct and Ethics which is available on the website of the Company (www.nagarjunafertilizers.com). The declaration given by Managing Director of the Company affirming compliance of the Code by the Board Members and Senior Management Personnel of the Company during the Financial Year 2017-18 is enclosed to this Report.

Corporate Governance Compliance Certification:

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

OTHER COMPLIANCES

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

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

The Company has, consequent to Institute of Company Secretaries of India notifying Secretarial Standard on Meetings of Board of Directors and Secretarial Standards on General Meetings with effect from July 1, 2015 been in compliance of the same.

Further Institute of Company Secretaries of India issued revised Secretarial Standards effective from October 1, 2017 and the company is in compliance with the same.

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

The Company has not received any complaints alleging sexual harassment during the financial year 2017-18.

Means of Communication

The Company regularly interacts with the shareholders through multiple channels of communication. The financial results of the company as per the requirement of Listing Regulations are generally published in the main editions of national (Business Standard) and vernacular dailies (Andhra Prabha). The quarterly results, shareholding pattern, corporate governance reports, intimation of Board meetings, etc. are filed with the stock exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre. Simultaneously, the information is also posted on the website of the company at <http://www.nagarjunafertilizers.com>.

The investors can also find on this website the Annual Reports, Quarterly Results, details of unpaid dividend, composition of various committees of the Board, terms and conditions for appointment of independent directors, guidance and procedure to be followed by the investors for transfer, transmission and transposition of the securities, dematerialisation, rematerialisation of shares, etc. The investor's complaints are also redressed through SEBI complaints redressal system viz., SCORES. Further, all other price sensitive information, press releases and other information is sent to the stock exchange where shares of the Company are listed and updated on Company's website.

The Company's website <http://www.nagarjunafertilizers.com>, contains a separate dedicated section "Investor's Desk" which provides comprehensive information sought by shareholders like the Annual Report of the Company, Quarterly, half yearly and annual financial results, Stock Exchange filing, applicable Policies and details about the Company, Board of Directors and Management are available.

GENERAL SHAREHOLDERS INFORMATION

Twelfth Annual General Meeting to be held for Financial Year 2017-18	
Day	Saturday
Date	September 29, 2018
Time	10.00 A.M.
Venue	Sri Satya Sai Nigamagmam, Srinagar Colony, Hyderabad – 500073, Telangana

The Financial year is 1st April to 31st March every year and for the FY 2018-19, the financial results are proposed to be declared as per the following tentative schedule:

Particulars	Schedule
Financial reporting for the quarter ended June 30, 2018	July 27, 2018
Financial reporting for the quarter / half year ending September 30, 2018	First fortnight of November 2018
Financial reporting for the quarter / nine months ending December 31, 2018	First fortnight of February 2019
Financial reporting for the quarter / year ending March 31, 2019	Second fortnight of May 2019
Annual General Meeting for the year ending March 31, 2019	August / September 2019

Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 22, 2018 to Saturday September 29, 2018 (both days inclusive) for the purpose of the Twelfth Annual General Meeting.

Dividend Payment Date

Your Directors have not recommended any dividend for the Financial Year 2017-18.

Listing on Stock Exchanges

The Company's equity shares are listed on the following Stock Exchanges

Name of the Stock Exchange	Address	Script Code
BSE Limited	Corporate Relationship Department, 1st Floor, New Trading Ring, Routunda Building, PJ Towers, Dalal Street, Fort Mumbai - 400 001	539917
National Stock Exchange of India Limited	Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051	NAGAFERT

The Company paid Annual listing fees for the financial year 2018-19 to both Stock Exchanges.

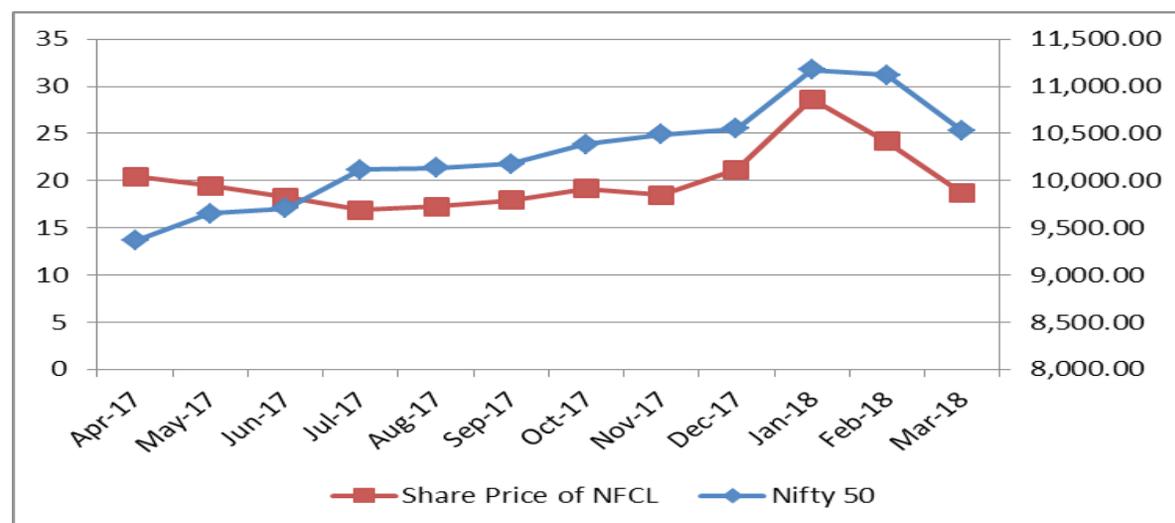
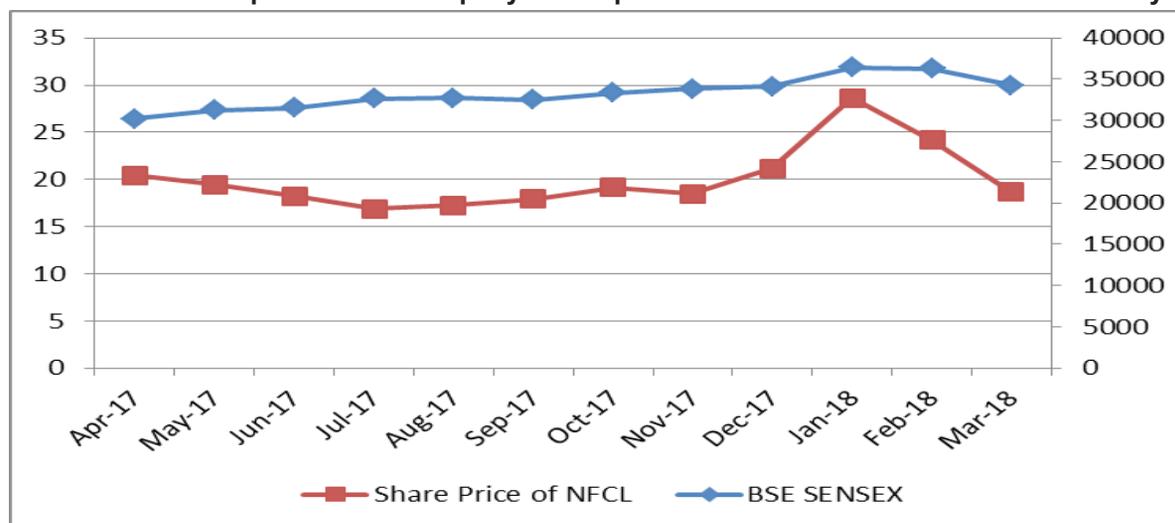
Market Price Data – high, low during each month in last financial year relating to Equity Shares listed

The monthly high and low prices of your Company's share at BSE and NSE for the year ended March 31, 2018 are as under:

Month	(Amount in Rs)			
	BSE		NSE	
	High	Low	High	Low
April 2017	20.45	16.25	20.40	16.25
May 2017	19.45	14.75	19.40	15.00
June 2017	18.25	15.20	18.05	15.05

July 2017	16.90	13.75	16.95	13.80
August 2017	17.26	13.61	17.30	13.75
September 2017	17.90	14.23	17.95	14.00
October 2017	19.15	15.35	19.05	15.40
November 2017	18.50	15.50	18.45	15.50
December 2017	21.15	15.40	21.15	15.40
January 2018	28.60	20.25	28.40	20.30
February 2018	24.15	16.65	24.10	16.85
March 2018	18.65	15.25	18.70	15.15

Performance of the share price of the Company in comparison to BSE Sensex and S & P CNX Nifty



Address for Correspondence:

The Investors can personally contact or send their correspondence either to Share Transfer Agents at the Company's Investor Service Centre at the following address:

Share Transfer Agent (in-house)
Nagarjuna Fertilizers and Chemicals Limited
 Investors Service Cell, Plot No 1, Punjagutta,
 Nagarjuna Hills, Hyderabad - 500 082
 Telangana, India
 Tel: +91-40-23358405
 Email: Investors@nagarjunagroup.com

Investor Services

The Company has an in-house Share Department located at the address specified above which offers all share related services to its Members and Investors. These services include transfer / transmission / dematerialization of shares / revalidation of dividend warrants / subdivision / consolidation/ renewal of share certificates and resolutions of investor grievances.

The Company is registered with SEBI as a Registrar to an Issue / Share Transfer Agent in Category II Share Transfer Agent and the Registration Code is INR200004114.

Exclusive email address: The Company has designated an e-mail ID to enable the Members and Investors to correspond with the Company. The e-mail address is investors@nagarjunagroup.com

Compliance Officer

Mr. K Chandra Sekhar Naidu, Company Secretary
 Phone No: (040) 23350247
 Email: chandrasekhar@nagarjunagroup.com

Plant Location

- The Company has two urea and one customised fertilizer plants located at Kakinada in Andhra Pradesh
- Micro-Irrigation System Manufacturing Facilities at
 - Nacharam, Telangana
 - Sadashivpet, Telangana
 - Halol, Gujarat

Disclosures:

Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, Directors or their relatives, management, its subsidiaries etc., that may have potential conflict with the interests of the Company at large:

None of the transactions with related parties during the Financial Year 2017-18 were material and were also not in conflict with the interests of the Company at large. The transactions with related parties are mentioned in note no. 37 of the financial statements.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years:

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence, no penalties or strictures have been imposed by the Stock Exchanges or SEBI or any statutory authority.

Whistle Blower Policy/Vigil Mechanism:

To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to voice concern in a responsible and effective manner about serious malpractice, impropriety, abuse or wrongdoing within the organization, the Company has a Whistle Blower Policy/Vigil Mechanism in place, applicable to the Company. The vigil mechanism under the Whistle Blower Policy provides adequate safeguard against victimization of the Directors and employees who avail of the mechanism and also provide for direct access to Chairman of the Audit Committee in exceptional cases. No personnel was denied access to the Audit Committee.

This mechanism has been communicated to all concerned and posted on the Company's website www.nagarjunafertilizers.com/corporate-governance/Whistle_Blower_Policy.pdf

Compliance with Mandatory Requirements of Listing Regulations

Your Company is fully compliant with the applicable mandatory requirements of Listing Regulations. The details as to compliance with the applicable requirements specified in regulation 17 to 27 Listing Regulations are as under:

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes

Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2), (3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1), (5),(6), (7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4), (5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from Members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

The adoption of the non-mandatory requirements is as under:

Discretionary Requirements

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

The Company has formulated a "Policy for determining Material Subsidiaries" which has been uploaded on the website of the Company (<http://www.nagarjunafertilizers.com>) and can be accessed at www.nagarjunafertilizers.com/pdfs/Policy%20on%20Material%20subsidiary.pdf

The Company has formulated a "Policy for Related Party Transactions" which has been uploaded on the website of the Company (<http://www.nagarjunafertilizers.com>) and can be accessed at www.nagarjunafertilizers.com/pdfs/Policy_on_Related_Party_Transactions.pdf

During the Financial Year ended March 31, 2018, the Company did not engage in commodity price risk and commodity hedging activity.

CIN No.	L24129AP2006PLC076238
Registered Office	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, Telangana
Dividend history	<p>The Company has declared a dividend of Re. 1/- per share to the Equity Shareholders of the Company for the year ended March 31, 2012. No dividend was declared in the subsequent years till date.</p> <p>In terms of Section 124(6) of the Act, read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto, Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unpaid/unclaimed for a period of seven consecutive years or more to the IEPF Account established by the Central Government.</p> <p>As required under the said Rules, the Company has to transfer the required number of shares in the ensuing year.</p>
Financial Year	April 1, 2017 to March 31, 2018

For and on behalf of the Board

**Hyderabad
July 27, 2018**

**K S Raju
Chairman**

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

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

- A. We have reviewed the Financial Statements including Cash Flow of the Company (standalone and consolidated) for the year ended March 31, 2018 and to the best of our knowledge and belief, these statements:
- 1) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - 2) together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to taken to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- 1) Significant changes in internal control over financial reporting during the year
 - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**Hyderabad
May 25, 2018**

**K Rahul Raju
Managing Director**

**H Muralidhar
Chief Financial Officer**

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS

To,
The Members
Nagarjuna Fertilizers and Chemicals Limited

Sub: Declaration by the Managing Director under Para D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We confirm that the Company has in respect of the financial year ended March 31, 2018 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 part of the core management team, comprising personnel one level below the Executive Directors and including all functional heads as on March 31, 2018.

Hyderabad
July 27, 2018

K Rahul Raju
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Nagarjuna Fertilizers and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Nagarjuna Fertilizers and Chemicals Limited for the year ended on 31st March, 2018, as stipulated in Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 of the said Company.

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

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

Sl. No. Particulars

- The Company has complied with the requirements under the LODR (earlier Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited) except the following compliances: The Company has complied with the requirements under the LODR (earlier Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited) except the following compliances: However, during the period under review, as on 31st March, 2018, the Board consisted of 13 directors including Independent and non-independent Directors. To be in compliance with Regulation 17 (1)(b), at least half of the board of directors shall comprise of independent directors (if the entity does not have a regular non-executive chairperson), whereas the Company has only 6 Independent Directors in the board during the period under review. Further as on the date of signing this report, we have been given to understand that due to resignation / withdrawal of Nominee Directors, the total number of Directors became 10 (from 13) and hence the

Company is having 5 Independent Directors, 3 Nominee Directors and 2 Executive Directors and thus complying the above mentioned provisions.

2. The company undertakes share transfer activity as a Category II Merchant Banker and the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year end as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.

We certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements Regulations) 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For KBG ASSOCIATES
Company Secretaries**

**(Srikrishna S Chintalapati)
Partner
CP # 6262**

**Place: Hyderabad
Date: 17 July, 2018**