

## CORPORATE GOVERNANCE REPORT

For the year 2019-2020

### 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 endeavor 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
- Policy on Control of Stationary
- Policy for Preservation and Archival of Documents

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, 2020. 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.

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

The Company has appointed Mr. Rajendra Mohan Gonela as an additional Independent Director with effect from May 28, 2020 and is in compliance with the requirement of 17 of listing regulation as on the date of the Report.

**SKILLS/EXPERTISE/COMPETENCIES AVAILABLE WITH THE BOARD**

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following skills / expertise / competencies have been identified by the Board of Directors in the context of the Company's business and sector for it to function effectively and those available with the Board of Directors and the names of directors who have such skills / expertise / competencies are as under:

- Industry Knowledge
- Strategic Planning and Implementation
- Finance, regulatory and Risk Management
- Leadership and Management
- Corporate Governance

Name of Director	Skills/expertise/competencies				
	Industry Knowledge	Strategic Planning and Implementation	Finance, regulatory and Risk Management	Leadership and Management	Corporate Governance
Mr. Uday Shankar Jha	✓	✓	✓	✓	✓
Mr. K Rahul Raju	✓	✓	✓	✓	✓
Mr. Chandra Pal Singh	✓	✓	✓	✓	✓
Mrs. Lalitha Raghuram	✓	✓	✓	✓	✓
Mrs. Girija Bhan	✓	✓	✓	✓	✓
Mr. K C Bhanu	✓	✓	✓	✓	✓
Mr. Rajendra Gonela	✓	✓	✓	✓	✓

and as such they do not have any material pecuniary relationship with the Company except as stated in the Corporate Governance report.

**COMPOSITION OF BOARD OF DIRECTORS**

The Board of Directors of the Company comprises of an optimum combination of Executive, Non-Executive and Independent Directors, including a women 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 Board comprises of nominees of IDBI Bank Limited and co-promoter Company Krishak Bharathi Cooperative Limited and a nominee from core Promoter Company.

As on March 31, 2020 the Company needs to appoint one Independent Director in compliance with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The composition of the Board as on March 31, 2020 is as under.

Category	No. Of directors	% of total no. of Directors
Executive Directors	1	14.28
Non-Executive Directors	1	14.28
Nominee Directors	2	28.58
Independent Directors	3	42.86

**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 8 listed companies or 10 Committees or act as Chairperson of 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 2019-20 are as under:

Director	DIN No	Attendance Particulars at			Committees of Board of NFCL	No. of other Directorships, Committees member & Chairmanship in Public, Pvt., Sec.8 of Companies Act, 2013 etc.				
		Board Meetings		AGM held on December 24, 2019		Board			Board Committees&	
		Held	Attended			Chairman	Director	Listed Company and Category of Directorship	Chairman	Member
<b>INDEPENDENT</b>										
Mrs. Girija Bhan	08608192	2	1	No	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration Committee</li> <li>Stakeholders Relationship Committee</li> </ul>	1	-	-	-	-
Ms. Lalitha Raghuram	07161344	4	4	No	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration</li> <li>Stakeholders Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> </ul>	2	1	Nagarjuna Oil Refinery Limited – Independent Director	1	2
Mr. K C Bhanu	08608297	2	1	Yes	Nil	-	-	-	4	6
Mr. C B Mouli <sup>1</sup>	00042949	4	2	No	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration Committee</li> <li>Risk Management Committee</li> <li>Stakeholders Relationship Committee</li> </ul>	-	6	-	4	6
Mr. Rajendra Mohan Gonela <sup>2</sup>	02354356	-	-	-	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>	-	-	-	-	6
<b>NON-EXECUTIVE</b>										
Mr. Chandra Pal Singh Yadav	00023382	4	3	No	Nil	4	5	Nagarjuna Oil Refinery Limited – Non-executive Director	4	-
Mr. Uday Shankar Jha	00056510	4	4	Yes	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Management Committee</li> <li>Shares &amp; Debentures Committee</li> <li>Banking Committee</li> <li>Investment committee</li> </ul>	0	1	-	-	1
<b>NOMINEE</b>										
Mr. VVS Ravindra	01887879	4	1	No	<ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Management Committee</li> <li>Risk Management Committee</li> <li>Stakeholders Relationship Committee</li> <li>Corporate Social Responsibility</li> </ul>	-	1	Surya Lakshmi Cotton Mills Ltd – Nominee Director	-	4
Mr. Syed Shahabuddin <sup>3</sup>	00985532	4	1	No	-	-	-	-	-	-
<b>EXECUTIVE DIRECTORS</b>										
Mr. K. Rahul Raju	00015990	4	4	No	<ul style="list-style-type: none"> <li>Shares &amp; Debentures</li> <li>Banking</li> <li>Management</li> <li>Investment</li> <li>Risk Management</li> <li>Corporate Social responsibility</li> <li>Asset Sale</li> </ul>	-	6	-	-	1

1 Resigned with effect from October 10, 2019; 2 Resigned with effect from June 13, 2019; 3 Appointed with effect from May 28, 2020

\* The Company Nagarjuna Oil Refinery Limited is Under Liquidation.

## Meetings of the Board

During the year under review the Board of Directors met four times on May 24, 2019, August 13, 2019, November 12, 2019, and February 12, 2020.

## RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

There is no inter-se relationship with 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.

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

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

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

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

## INFORMATION TO THE BOARD

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

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

- j) Minutes of meetings of the Board of Directors of subsidiary companies.
- k) Details of related party transactions.
- l) Quarterly compliance report in terms of SEBI (Listing Obligation and Disclosure Requirements) and any non-compliance.
- m) Report on risk assessment and minimization procedures.
- n) Information on recruitment and remuneration of senior managerial personnel below the Board level.
- o) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- p) 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.
- q) Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- r) Details of any joint ventures or collaboration agreements.
- s) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- t) 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. Uday Shankar Jha and Mr. Chandrapal Singh Yadav, Directors of the Company are liable to retire by rotation in compliance with the requirement of Section 152 of the Companies Act, 2013 and being eligible offers themselves for reappointment as Director.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Mr. Uday Shankar Jha and Mr. Chandrapal Singh forms part of Notice of the Annual General Meeting.

### 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 eight 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 the opinion of the Board, the Independent Directors fulfill

the conditions specified in the Listing Regulations and are Independent of the Management.

#### **Appointment of Mr. Rajendra M Gonela, Independent Director**

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, and the Regulation 25 Listing Regulations, it is proposed to appoint Mr. Rajendra Mohan Gonela as an Independent Director of the Company, not liable to retire by rotation, for a period of five years upto the conclusion of 19th AGM in the year 2025.

The appointment is being placed before the Members of the Company at the 14th Annual General Meeting for their approval.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 appointment forms part of Notice of the Annual General Meeting.

#### **Re-appointment of Mrs. Lalitha Raghuram, as an Independent Director**

The Board of Directors of the Company appointed Mrs. Lalitha Raghuram as an Independent Director of the Company for a period of five years with effect from April 18, 2015.

In terms of the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder, an Independent Director can be reappointed for a second term of maximum 5 (five) years by obtaining approval of the shareholders by a way of special resolution and subject to report of performance evaluation and on disclosure of such reappointment in the Board's Report.

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Mrs. Lalitha Raghuram, have been re-appointed as an Independent Director with effect from April 18, 2020, for a period of five (5) years, not liable to retire by rotation, by the Board of Directors of the Company subject to the approval of the members of the Company.

The appointment is being placed before the Members of the Company at the 14th Annual General Meeting for their approval.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 appointment forms part of Notice of the Annual General Meeting.

#### **Resignation of Mr. C B Mouli, Independent Director**

Mr. C B Mouli, Independent Director resigned from the Directorship of the Company with effect from 10th October, 2020 due to personal reasons.

#### **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 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 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 Act 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 Act 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 Companies Act, 2013 and the Company has not paid any other fee or compensation to the Non-Executive Directors. There were no pecuniary relationships or transactions between the Non-Executive Directors, their associates or relatives, and the Company during the Financial Year 2019-20.

The details of remuneration paid to Non-Executive / Independent Directors of the Company during 2019-20 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 for attending meetings of the Board of Directors / Committees of Directors (in Rs.)
<b>INDEPENDENT</b>	
Mrs. Lalitha Raghuram	1,95,000
Mr. C B Mouli	1,20,000
Mrs. Girija Bhan	45,000
Mr. K C Bhanu	15,000
<b>NON-EXECUTIVE</b>	
Mr. Chandra Pal Singh Yadav	45,000
Mr. Uday Shanar Jha	1,65,000
<b>NOMINEE</b>	
Mr. V V S Ravindra &	90,000
Mr. Syed Shahabuddin	60,000

### 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.

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

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

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

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

The details of remuneration approved by the Members of the Company, for payment to Executive Directors, during 2019-20 are as under:

Directors Name	Salary per month	Commission	Perquisites
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.

The Board of Directors at their meeting held on 14th August, 2020 based on the recommendation of Nomination and Remuneration Committee approved the reappointment of Mr. K Rahul Raju as Managing Director for a period of 3 years with effect from 1st August, 2020 subject to approval of members of the Company and financial institutions.

### PERFORMANCE EVALUATION OF DIRECTORS AND CRITERIA FOR EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. The performance evaluation of the Board of Directors, its Committees and Individual Directors including Independent Directors has been carried out by the Board.

The Independent Directors of the Company had reviewed the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Company taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

### 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 September 30, 2020, and apart from other matters connected to the operations and strategy of the Company reviewed the performance of the Non-Independent Directors, the Chairman of the Company taking into account the views of the Executive Director and Non-Executive Directors and the Board as a whole and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

### RELATED PARTY TRANSACTIONS

The Board's Report contains information in this regard.

### 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 Managing Director

The Board of Directors at their Meeting held on September 30, 2020, delegated powers to 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. Rahul Raju, Managing Director does not hold any shares in the Company as on March 31, 2020.

None of the Non-Executive Directors held shares in the Company as on March 31, 2020.

### CODE OF CONDUCT AND ETHICS

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

### 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 discusses areas of interest of the Company.

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

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	Status	Category	Attendance at the Audit Committee Meetings			
			24.05.2019	13.08.2019	12.11.2019	12.02.2020
Mrs. Girija Bhan <sup>1</sup>	Chairperson	Independent	NA	NA	√	X
Mrs. Lalitha Raghuram	Member	Independent	√	√	√	√
Mr. Uday Shankar Jha <sup>2</sup>	Member	Nonexecutive	NA	√	√	√
Mr. Syed Shahabuddin <sup>3</sup>	Member	Nominee Director	√	NA	NA	NA
Mr. C B Mouli <sup>4</sup>	Member	Independent	√	√	NA	NA
Mr. Rajendra Mohan Gonela <sup>5</sup>	Member	Independent	NA	NA	NA	NA

1 Mrs. Girija Bhan, has been inducted as the member/chairperson with effect from November 11, 2019

2 Mr. Uday Shankar Jha has been inducted as the member with effect from June 20, 2019

3 Mr. Syed Shahabuddin, ceased to be a Member with effect from June 13, 2019.

4 Mr. C B Mouli, ceased to be a member with effect from October 10, 2019.

5 Mr. Rajendra Mohan Gonela has been inducted as the member with effect from May 28, 2020

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

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

issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter

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

## REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2020

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 Audit 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 has recommended to the Board, the appointment of M/s. Sagar & Associates as Cost Accountant of the Company, for the financial year 2020-21.
- i. 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.

Sd/-

**Girija Bhan**  
Chairperson  
Audit Committee

Hyderabad  
August 14, 2020

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three Directors.

The details as to Members of the Nomination and Remuneration Committee and their attendance particulars are as under:

Name of the Member	Status	Category	24.05.2019
Mrs. Lalitha Raghuram	Chairperson	Independent Director	√
Ms. Girija Bhan <sup>1</sup>	Member	Independent Director	NA
Mr. Uday Shankar Jha <sup>2</sup>		Nonexecutive Director	NA
Mr. C B Mouli <sup>3</sup>	Member	Independent Director	√
Mr. V V S Ravindra <sup>4</sup>	Member	Nominee Director	√

1 Ms. Girija Bhan, has been inducted as a member with effect from November 11, 2019

2 Mr. Uday Shankar Jha has been inducted as a member with effect from September 30, 2020

3 Mr. C B Mouli resigned as the member with effect from October 10, 2019.

4 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

The quorum for the meeting is two Members or 1/3 of the members whichever is greater with atleast one Independent Director.

#### 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.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of three directors with two being an Independent Director. The Chairperson of the Stakeholders Relationship Committee expressed her inability to attend the last Annual General Meeting due to preoccupation.

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	Status	Category	Date of Meeting and attendance		
			24.05.2019	13.08.2019	12.11.2019
Mrs. Lalitha Raghuram	Chairperson	Independent	√	√	√
Ms. Girija Bhan <sup>1</sup>	Member	Independent	NA	NA	√
Mr. Uday Shankar Jha <sup>2</sup>	Member	Non-Independent	NA	NA	NA
Mr. C B Mouli <sup>3</sup>	Chairman	Non-Independent	√	√	NA
Mr. V V S Ravindra <sup>4</sup>	Member	Nominee	√	x	x

1 Mrs. Girija Bhan, has been inducted as the member with effect from November 11, 2019

2 Mr. Uday Shankar Jha has been inducted as the member with effect from September 30, 2020

3 Mr. C B Mouli ceased to be the member with effect from October 10, 2019

4 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

The quorum for the meeting is two Members present in person.

#### Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee are in accordance with the provisions of Companies Act, 2013 and the Listing Regulations. It discharges such other functions as may be delegated by the Board of Directors from time to time. The role of the Stakeholders Relationship Committee includes resolving the grievances of the security holders of the Company, issue of duplicate certificates for securities of the Company, deciding the dates of book closure/ record date in respect of shares and other securities issued by the Company, review of measures taken for effective exercise of voting rights by shareholders, review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company and approve, from time to time, issue of new share certificates and transfer/

transmission of shares to Investor Education and Protection Fund Authority or any other statutory body or authority, as may be applicable, and all other matters allied or incidental thereto, in pursuance of the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. In order to provide quick service to investors and expedite the process of transfers, the Board of Directors had delegated sufficient powers to the Company's executives to deal with various matters including transfer of shares, transmission of shares, etc

#### Name, designation and address of Compliance Officer

Mr. Vijaya Bhasker M  
Company Secretary  
Nagarjuna Fertilizers and Chemicals Limited  
"D. No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082  
Telephone: 040-23358405  
E-mail: secretarial@nagarjunagroup.com

### Shareholders' complaints received and solved during the year:

The company has 3,01,881 shareholders as on March 31, 2020. During the financial year 2019-20, the status of investor complaints was as follows:

No. of Investor complaints			
Opening balance as on 01.04.2019	Received	Solved to the satisfaction of investors	Pending as on 31.03.2020
0	4469	4469	0

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of three Directors. The Committee met once during the year.

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

Name of the Member	Status	Category	Date of Meeting and attendance
			24.05.2019
Mrs. Lalitha Raghuram	Chairperson	Independent	√
Mr. K Rahul Raju	Member	Executive	√
Mr. Uday Shankar Jha <sup>1</sup>	Member	Nonexecutive	NA
Mr. V V S Ravindra <sup>2</sup>	Member	Nominee	√

1 Mr. Uday Shankar Jha has been inducted as the member with effect from September 30, 2020

2 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

The quorum for the meeting is two Members present in person.

#### The terms of reference:

The terms of reference of the Corporate Social Responsibility Committee are as prescribed under the Companies Act, 2013 and the Rules framed there under and it discharges such other functions as may be delegated by the Board of Directors from time to time. The role of the Committee includes formulating and recommending to the Board of Directors a Corporate Social Responsibility ("CSR") Policy indicating the activities to be undertaken by the Company as specified in the Companies Act, 2013, recommending the amount of expenditure to be incurred on such activities and monitoring the CSR Policy of the Company from time to time. The Corporate Social Responsibility Committee also reviews periodically the progress of CSR projects / programs / activities undertaken by the Company.

### 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 one time during 2019-20.

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	Status	Category	Date of Meeting and attendance
			24.05.2019
Mr. K Rahul Raju	Chairman	Executive	√
Mr. Uday Shankar Jha <sup>1</sup>	Member	Nonexecutive	NA
Mr. C B Mouli <sup>2</sup>	Member	Independent	√
Mr. Syed Shahabuddin <sup>3</sup>	Member	Nominee	√
Mr. V V S Ravindra <sup>4</sup>	Member	Nominee	√

1 Mr. Uday Shankar Jha has been inducted as the member with effect from September 30, 2020

2 Mr. C B Mouli ceased to be the member with effect from October 10, 2019

3 Mr. Syed Shahabuddin ceased to be the member with effect from June 13, 2019

4 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

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

The quorum for the meeting is two Members present in person.

#### The terms of reference of the Committee are as follows:

- To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company.
- 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. Uday Shankar Jha	Chairman
Mr. K. Rahul Raju	Member

The Committee met 37 times during the year 2019-20 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 2019-20.

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

Name of the Member	Category	Dates of Meeting and attendance particulars			
		24.05.2019	13.08.2019	12.11.2019	12.02.2020
Mr. Uday Shankar Jha	Chairman	√	√	√	√
Mr. K. Rahul Raju	Member	√	√	√	√
Mr. K C Bhanu <sup>1</sup>	Member	NA	NA	NA	NA
Mr. Syed Shahabuddin <sup>2</sup>	Member	√	NA	NA	NA
Mr. VVS Ravindra <sup>3</sup>	Member	√	X	X	X

1 Mr. K C Bhanu co-opted as member with effect from November 11, 2019

2 Mr. Syed Shahabuddin, ceased to be a member with effect from June 13, 2019.

3 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

The quorum is two Members present in person.

### Terms of reference:

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

## BANKING COMMITTEE

The committee has not met during the year under review 2019-20.

The Banking Committee comprises of

Name of the Member	Status
Mr. Uday Shankar Jha	Chairman
Mr. K Rahul Raju	Member

The quorum is two Members present in person.

### Terms of reference:

Availment of fund-based and non-fund-based credit facilities by the Company from Financial Institutions and Banks as per the limits delegated by the Board of Directors of the Company.

## INVESTMENT COMMITTEE

The committee has not met during the year under review 2019-20.

The Investment Committee comprises:

Name of the Member	Status
Mr. Uday Shankar Jha	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 table below lists the Members of the Asset Sale Committee

Name of the Member	Status
Mr. Uday Shankar Jha	Chairman
Mr. Syed Shahabuddin <sup>1</sup>	Member
Mr. V V S Ravindra <sup>2</sup>	Member

1 Mr. Syed Shahabuddin, ceased to be a member with effect from June 13, 2019.

2 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

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

### The terms of reference of the Committee are as follows:

To monitor the progress in asset monetization by sale of various assets considered non-performing. 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\\_Insider\\_Trading\\_NFCL\\_Revised\\_24052019.pdf](http://www.nagarjunafertilizers.com/pdfs/Code_Insider_Trading_NFCL_Revised_24052019.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](http://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.

## 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 the Insider Trading to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Necessary procedures have been laid for insiders identified from time to time, prohibiting trading in the securities of the Company, based on unpublished price sensitive information.

### 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, and 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 2019-20.

#### 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.

The Company has formulated a “Policy for Related Party Transactions” and can be accessed at [www.nagarjunafertilizers.com/pdfs/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.nagarjunafertilizers.com/pdfs/Policy_on_Related_Party_Transactions.pdf)

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.

The Company has formulated a "Policy for determining Material Subsidiaries" and can be accessed at [http://www.nagarjunafertilizers.com/pdfs/Policy%20on%20Material %20subsidiary.pdf](http://www.nagarjunafertilizers.com/pdfs/Policy%20on%20Material%20subsidiary.pdf)

#### 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 Control of Stationary

The Policy sets out control on stationery used by Share Transfer Agent (STA) including but not limited to blank certificates, dividend / interest / redemption warrants and to periodically verify the stationary by physical verification in a transparent manner as required by Securities and Exchange Board of India (SEBI).

#### 23) 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.

#### 24) Policy on Bio-diversity

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

#### 25) 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.

#### 26) HSE Policy

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

#### 27) 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 annual disclosures to the Board relating to all material, financial and commercial transactions where they have interest, conflicting with the interest of the Company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

### D. STAKEHOLDERS INFORMATION

#### 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](http://www.nagarjunafertilizers.com).

The quarterly and annual results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and published in widely circulated English 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, 2020 of the Company were emailed in addition to being published in newspapers.

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

#### Investor Grievance Redressal

The company has 3,01,881 shareholders as on March 31, 2020. The Company during the financial year 2019-20, received and attended/resolved 1483 letters from the investors and dematerialized/rematerialized 2621 requests for dematerialization / rematerialisation of shares.

The table below lists the details of shareholders or depository queries/complaints/requests received and resolved during 2019-20:

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	0	0	0
Revalidation of dividend warrants	0	200	200	0

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Share transfers	0	36	36	0
Demat / Remat of Shares	0	2621	2621	0
Issue of duplicate certificates	0	40	40	0
Transmission of shares *	0	89	89	0
General queries	0	1483	1483	0

### 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 Company's in-house STA. 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 30 days of the date of lodgment for transfer, and thereafter submit the same to the stock exchanges

### Remote E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing remote e-voting facility as an alternative, to enable members to cast their vote electronically on all the resolutions set forth in the Notice to the 14th Annual General Meeting to be held on Wednesday, December 30, 2020 at 10.00 AM. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide remote e-voting platform to the Members.

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

Remote e-voting facility will be available on the website [www.evotingindia.com](http://www.evotingindia.com) from Sunday, December 27, 2020 and ends on Tuesday, December 29, 2020 at 5.00 P.M, after which the facility will be disabled by CDSL and remote e-voting shall not be allowed beyond the said date and time. The notice is also available on the website [www.evotingindia.com](http://www.evotingindia.com).

The voting right of shareholders shall be in proportion to the amount paid up on the total number of shares held by the

respective shareholder with the total share capital issued by the company as on the cut-off date i.e. December 23, 2020.

### Dematerialization of shares and liquidity

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

The company signed agreements with both the depositories, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2020, 96.46 % of the shares of the company are held in electronic mode.

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

Total No. of equity shares :  
59,80,65,003  
Total No. of shareholders as on March 31, 2020 : 2,11,743

The table below shows the status of the equity shares of the company as on March 31, 2020:

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Shareholders	% to Total Shareholders
Physical form	2,11,76,013	3.54%	90,138	29.86%
Held in electronic mode	57,68,88,990	96.46%	2,11,743	70.14%
Total	59,80,65,003	100%	3,01,881	100%

### RECONCILIATION OF SHARE CAPITAL AUDIT

In terms of Regulation 76 (1) (1) of SEBI (Depositories and Participants) Regulations, 2018 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 Certificate from the Practicing Company Secretary for the same is submitted to the Stock Exchanges and is also placed before the Board of Directors.

### DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2020

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	298230	98.79	106278526	98.79
5001 – 10000	1982	0.66	14136588	0.66
10001 – 20000	904	0.3	12654376	0.3
20001 – 30000	283	0.09	6971761	0.09
30001 – 40000	121	0.04	4243802	0.04
40001 – 50000	83	0.03	3778306	0.03
50001 – 100000	148	0.05	10622883	0.05
100001 and Above	130	0.04	439378761	0.04
Total	301881	100	598065003	100

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2020

	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	4730	0.00%
	b. Banks, financial institutions, insurance companies (Central / State Government institutions / non-government institutions)	5200233	0.87%
	c. Foreign Institutional Investors	554144	0.09%
	II. Others		
	a. Private corporate bodies	75442327	12.61 %
	b. Indian public	138345334	23.13 %
	c. NRIs/OCBs	6537238	1.09 %
	d. Trusts	149132	0.02 %
	e. Foreign National	1072	0.00 %
	f. HUF	5774417	0.97 %
	g. IEPF Authority	24356247	4.07 %
	Grand Total	250605767	41.90 %
		598065003	100.00 %

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2020

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

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

#### LIST OF PROMOTER COMPANIES OF THE COMPANY

##### Core Promoters

1. Amlika Mercantile Private Limited

##### Co-Promoters

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

#### DETAILS OF GENERAL MEETINGS

The 11th and 12th Annual General Meetings of the Company were held at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073.

The 13th Annual General Meetings of the Company was held at KLN Prasad Auditorium, # 11-6-841, FTCCI Building, FTCCI Marg, Red Hills, Lakdikapool, Hyderabad - 500 004

No of AGM & F.Y	Date & Time	Special Resolutions passed
13th AGM 2018-19	December 24, 2019 at 10.00 A.M.	<ul style="list-style-type: none"> <li>• Ratification of the remuneration of the Cost Auditors for the financial year ending March 31, 2020</li> <li>• Appointment of Mrs. Girja Bhan as an Independent Director.</li> <li>• Appointment of Hon'ble Shri Justice K C Bhanu (Retd) as an Independent Director.</li> <li>• Approval of payment of remuneration to Mr. K.S. Raju, Executive Director.</li> <li>• Approval of payment of remuneration to Mr. K Rahul Raju, Managing Director</li> </ul>
12th AGM, 2017-18	September 29, 2018 at 10.00 A.M	<ul style="list-style-type: none"> <li>• Ratification of the remuneration of the Cost Auditors for the financial year ending March 31, 2019.</li> <li>• Appointment of Capt. Hariharan Ramanathan as an Independent Director of the Company.</li> <li>• Approval of charitable contribution to Nagarjuna Foundation</li> </ul>
11th AGM, 2016-17	September 26, 2017 at 10.00 A.M	<ul style="list-style-type: none"> <li>• Re-appointment of Mr. K S Raju as Director and Chairman of the Company with effect from August 1, 2017.</li> <li>• Re-appointment of Mr. K Rahul Raju as Director and Managing Director of the Company with effect from August 1, 2017.</li> <li>• 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.</li> <li>• Approval for making contribution to Nagarjuna Foundation for amount not exceeding Rs. 1 crore during the Financial Year 2017-2018</li> </ul>

The details of approvals accorded by Special Resolution by shareholders at the last three Extraordinary General Meetings are as under:

Date	Time	Transactions / Business approved by Special Resolutions
September 12, 2011	9.00 AM	<ul style="list-style-type: none"> <li>Alteration of Articles of Association as per Section 31 of the Companies Act, 1956.</li> <li>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</li> </ul>
August 19, 2011	09.00 AM	<ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
February 25, 2011	02.30 PM	<ul style="list-style-type: none"> <li>Cancellation of existing capital of Rs.5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme</li> <li>Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956.</li> <li>Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.</li> </ul>

#### 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, 2020.

#### Commodity Price Risk/ Foreign Exchange Risk and hedging activities:

The commodity price risk of the Company may arise mainly out of imported fertilizers 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 any transaction for hedging the commodity price risk.

The foreign exchange risk of the Company arises mainly out of import of fertilizers. 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/General Manager - Accounts, 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/General Manager - Accounts 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, 2020 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](http://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 2019-20 is annexed to this Report.

#### Corporate Governance Compliance Certification:

A certificate from Company Secretary in Practice regarding compliance of conditions on Corporate Governance is annexed to this Report.

#### Director's disqualification certificate:

A certificate from a Company Secretary in Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority is annexed to this 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 complied with the Secretarial Standard on Meetings of Board of Directors and (SS-1), Secretarial Standards on General Meetings (SS-2), of the Institute of Company Secretaries of India (ICSI)

#### 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 2019-20.

## Means of Communication

### i. Quarterly results:

The quarterly results of the Company are published in accordance with the requirements of the Listing Regulations.

### ii. Newspapers wherein results normally published:

Quarterly / Half Yearly / Annual Audited Statements are generally published in widely circulated newspapers viz., Financial Express (English daily) and Nava Telangana (Regional Newspaper – Telugu Daily).

### iii. Any website, where displayed:

Quarterly / Half Yearly / Annual Audited Results, Annual Reports, Announcements, Investor information, Policies etc. are displayed on the Company's website:

www.nagarjunafertilizers.com under the Investors section

### iv. Whether it also displays official news releases:

Official news releases if any are displayed on the Company's website: www.nagarjunafertilizers.com

### V. Presentations made to institutions investors or to the analysts:

The presentations if any are placed on the Company's website www.nagarjunafertilizers.com

## GENERAL SHAREHOLDERS INFORMATION

14th Annual General Meeting to be held for Financial Year 2019-20	
<b>Date</b>	Wednesday, December 30, 2020
<b>Time</b>	10.00 A.M.
<b>Venue</b>	Video Conference (VC) / Other Audio Visual Means (OAVM) For details please refer to the Notice of this AGM
<b>Dates of Book Closure</b>	December 23, 2020 To December 29, 2020
<b>Registered Office</b>	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.
<b>Compliance Officer</b>	Mr. M Vijaya Bhasker Ph No. (040) 23355317. Fax (040) 23350247 Email: secretarial@nagarjunagroup.com
<b>Share Transfer Agent</b>	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
<b>Dividend history for the last five years</b>	The Company has not declared any dividend during the last 5 Financial Years Your Directors have not recommended any dividend for the Financial Year 2019-20.

The Financial year is 1st April to 31st March every year and for the FY 2020-21, the financial results are proposed to be declared as per the following tentative schedule

Particulars	Schedule
Financial reporting for the quarter ended June 30, 2020	September 30, 2020
Financial reporting for the quarter / half year ending September 30, 2020	November 30, 2020
Financial reporting for the quarter / nine months ending December 31, 2020	First fortnight of February, 2021

Particulars	Schedule
Financial reporting for the quarter / year ending March 31, 2021	Second fortnight of May, 2021
Annual General Meeting for the year ending March 31, 2021	August / September, 2021

### Stock code:

Demat ISIN for NSDL and CDSL: INE454M01024

Name of the Stock Exchange	Script Code
BSE Limited	539917
National Stock Exchange of India Limited	NAGAFERT

The Equity Shares of the Company are listed on BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

The Company confirms that it has paid annual listing fees to the Stock Exchanges for the year 2020-2021.

### Plant Locations:

#### Urea Manufacturing

Nagarjuna Road, Kakinada, East Godavari Dist, Andhra Pradesh - 533003

#### Micro-Irrigation

Nacharam, Hyderabad, Telangana  
Sadashivpet Mandal, Medak District, Telangana  
Halol, Panchmahal Dist., Gujarat

### Investor Services

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

### 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

### Credit Rating:

The Company obtained credit rating from India Ratings and Research (Ind-Ra) for long term issuer. The following is the ratings assigned during the financial year and status as on the date of this report:

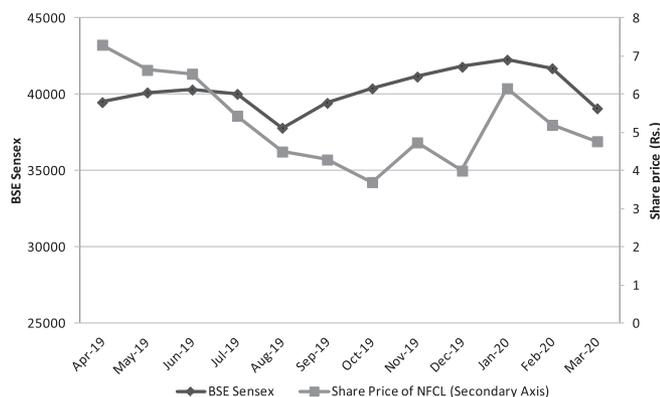
Instrument type	Maturity date	Size of issue (billion)	Rating	Rating Action
Fund-based limit (Long-term)	-	INR8.03	IND D	Affirmed
Non-fund-based limit (Short term)	-	INR11.80	IND D	Affirmed
Long-term loans	FY21-FY24	INR4.73	IND D	Affirmed

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

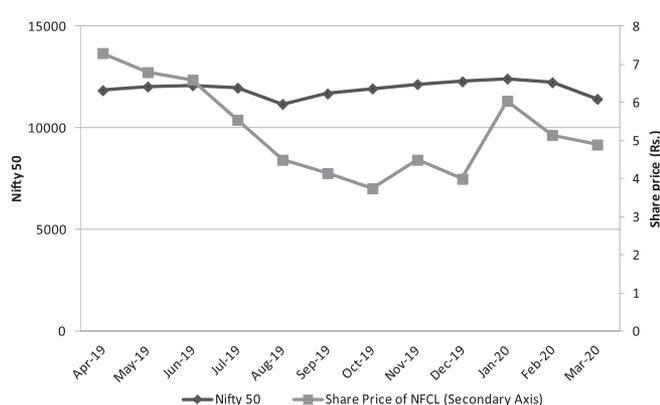
The monthly high and low prices of your Company's share at BSE and NSE for the year ended March 31, 2020 are as under:

Month	(Amount in Rs.)			
	BSE		NSE	
	High	Low	High	Low
April 2019	7.30	6.16	7.30	6.10
May 2019	6.64	5.26	6.80	5.05
June 2019	6.54	4.66	6.60	4.70
July 2019	5.44	4.00	5.55	4.00
August 2019	4.50	3.40	4.50	3.40
September 2019	4.29	3.35	4.15	3.35
October 2019	3.70	2.56	3.75	2.65
November 2019	4.74	3.24	4.50	3.05
December 2019	4.00	3.06	4.00	3.05
January 2020	6.16	3.10	6.05	3.10
February 2020	5.20	3.28	5.15	3.35
March 2020	4.77	2.49	4.90	2.55

Performance of the Share Price of the Company in comparison to BSE Sensex



Performance of the Share Price of the Company in comparison to Nifty 50



### 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 2019-20 were material and were also not in conflict with the interests of the Company at large. The transactions with related parties are mentioned in the notes to Accounts.

### 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:

The Company was required to appoint one Independent Directors on the Board as on March 31, 2020. Subsequently the company appointed an Independent Directors with effect from 28th May, 2020 and is in compliance with the provisions of listing regulations as on the date of the report.

The Stock Exchanges have imposed fine for the above delayed compliance.

There has been no instance of non-compliances by the Company on any matter related to capital markets during the last three years except mentioned above 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](http://www.nagarjunafertilizers.com/corporate-governance/Whistle_Blower_Policy.pdf)

### Fees paid to Statutory Auditors:

M/s. M Bhaskara Rao & Co., Chartered accountants (ICAI Firm Registration no. 000459S) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis are given below:

Particulars	Amount (in lakh)
Statutory Audit	60.00
Tax Audit	7.50
Limited Review	15.00
Certification and other services	9.94
Reimbursement of expenses	0.13
<b>Total</b>	<b>92.57</b>

### Compliance with Mandatory Requirements of Listing Regulations

Your Company is fully compliant with the applicable mandatory requirements of Listing Regulations except to the extent mentioned. The details as to compliance with the applicable requirements specified in regulation 17 to 27 and

clause B to clause I of Sub-Regulation (2) of Regulation 46 of the 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)	The Company was required to appoint an Independent Director as on 31st March, 2020. Subsequently, the company has appointed an Independent Directors on May 28, 2020 and is in comply with the regulation.
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
Maximum number of Directorships	17A	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
Secretarial Audit	24A	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
Other corporate governance requirements	27	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 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 every quarter is sent to all shareholders who have provided their e-mail addresses
The listed entity may move towards a regime of financial statements with unmodified audit opinion	Yes
The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer	There is a separate Chairman and Managing Director in the Company
The Internal auditor may report directly to the Audit Committee.	The Internal Auditor has direct access to Audit committee.

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

We, K Rahul Raju, Managing Director and C Shankar, General Manager - Accounts, 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, 2020 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  
August 14, 2020

**K Rahul Raju**  
Managing Director

**C Shankar**  
General Manager - Accounts

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

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

We confirm that the Company has in respect of the financial year ended March 31, 2020, 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, 2020.

Hyderabad  
August 14, 2020

**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, 2020, 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
1	<p>The Company has complied with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (earlier Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited) except the following:</p> <p>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 3 Independent Directors on the Board.</p> <p>As on March 31, 2020; the Board consisted of 7 directors. The categories of directors on the Board comprise of 3 "Independent Directors", 2 "Nominee Directors", 1 "Non Executive Director" and 1 "Executive Director" whereas the Company is required to have 4 "Independent Directors" on the Board.</p> <p>We have been given to understand that due to several factors beyond the control of the management viz., the financial stress, resignations / demise of directors the company is unable to reinstate the Board with requisite number of Independent Directors.</p> <p>However, we have been given to understand that the Company is in compliance with Regulation 17 (1) w.e.f May 28, 2020, with the appointment of one Independent Director on the Board.</p>
2	<p>The company undertakes share transfer activity as a Category II SEBI registered in-house Share Transfer Agent 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 yearend as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.</p>

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  
UDIN: F005984B000570977

Place: Hyderabad  
Date: 11th Aug, 2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED  
D.NO 8-2-248, Nagarjuna Hills,  
Punjagutta, Hyderabad,  
Telangana 500082.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Nagarjuna Fertilizers And Chemicals Limited having CIN L24129TG2006PLC076238 and having registered office at D.NO 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad, Telangana – 500082 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers,

We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No	Particulars	DIN	Date of Appointment in the Company
1	Uday Shankar Jha	00056510	30-09-2016
2	K Rahul Raju	00015990	01-08-2017
3	Chandra Pal Singh Yadav	00023382	26-09-2017
4	V V Satya Ravindra	01887879	20-10-2018
5	Lalitha Raghuram	07161344	29-09-2015
6	Girija Bhan	08608192	11-11-2019
7	K C Bhanu	08608297	11-11-2019

It is to be noted that ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of 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

UDIN: F005984B001148312

Place: Hyderabad  
Date: 03-11-2020