

# Corporate Governance Report

FOR THE YEAR 2013 - 2014

(Annexure IV to the Directors' Report)

## A. COMPANY'S PHILOSOPHY

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

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

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

Vision

'To be global leaders in plant nutrition'

with a Mission

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

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

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

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

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

## GOVERNANCE PHILOSOPHY

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

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

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

iii) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the company.

iv) Perceiving and mitigating the various risks that impact the company.

v) Make timely and transparent disclosures.

vi) Legal and statutory compliances.

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

## CORPORATE ETHICS

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

- Code of Conduct and Ethics for Senior Management
- Code of Conduct for Prevention of Insider Trading
- Policy on Corporate Social Responsibility
- Policy on Corporate Governance
- Policy on Related Party Transactions
- Legal Compliance Policy
- Whistle Blower Policy
- Policy on Vendor Grievances
- Policy on Supply Chain
- Policy on Succession Planning
- Policy on Employee Participation in Management
- Policy on Conflict Management
- Policy on Training for Board of Directors
- Policy on Induction of Directors
- Board Charter
- Forex Risk Management Policy
- Policy on Corporate Sustainability
- Policy on Sexual Harassment at workplace

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, 2014.

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

## B. BOARD OF DIRECTORS

### ROLE OF BOARD OF DIRECTORS

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

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

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

The Board is responsible for maintaining and nurturing high levels of corporate governance in the company.

#### PECUNIARY RELATIONSHIP

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

#### COMPOSITION

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

comprise Independent Directors.

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

The Board believes that the current size is appropriate based on the present circumstances and periodically evaluates the need for change in composition and size of the Board and also in compliance with the requirements of the Companies Act, 2013 and the Listing Agreement entered into with Stock Exchanges.

The table below shows the composition of the Board as on March 31, 2014.

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

#### DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD

None of the Directors of your company are Directors on the Board of more than 15 companies or 10 board level committees or Chairman in more than five Committees, across all companies in which they are Directors.

The table below gives the details of the Board and AGM attendance, membership in Committees of Board of Nagarjuna Fertilizers and Chemicals Limited and Directorships and committee positions held in other companies, for the year 2013-14.

Director	DIN No	Attendance Particulars			Committees of Board of NFCL	No. of Board, Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt. Sec 25 Companies (Sec.8 of Companies Act, 2013) etc			
		Board Meetings		Attended Last AGM held on November 29, 2013		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
<b>NON EXECUTIVE</b>									
Shri Chandra Pal Singh Yadav	00023382	6	2	No	NIL	5	12	3	2
<b>INDEPENDENT &amp; NON EXECUTIVE</b>									
Dr. N. C. B Nath	00026509	6	6	Yes	<ul style="list-style-type: none"> <li>Audit</li> <li>Remuneration</li> <li>Investor Grievance</li> <li>Management</li> </ul>	-	1	3	1
Shri M. P. Radhakrishnan	00129222	6	6	Yes	<ul style="list-style-type: none"> <li>Audit</li> <li>Management</li> <li>Investor Grievance</li> <li>Investment</li> <li>Remuneration</li> </ul>	-	-	-	-
Shri S. R. Ramakrishnan	00015839	6	5	No	<ul style="list-style-type: none"> <li>Audit</li> <li>Remuneration</li> <li>Management</li> </ul>	1	2	2	6
Smt Medha Joshi*	00328174	6	5	No	<ul style="list-style-type: none"> <li>Audit</li> <li>Investor Grievance</li> <li>Management</li> </ul>	-	-	-	-
Shri S. P. Arora **	00061420	6	4	No	NIL	-	11	-	1
Shri Yogesh Rastogi	01162334	6	5	No	NIL	-	1	-	1
Shri Anish Babu Venugopal@	02830575	-	-	-	NIL	-	-	-	-
Shri Viney Kumar #	00191129	-	-	-	NIL	-	2	-	-
<b>EXECUTIVE DIRECTORS</b>									
Shri K. S. Raju	00008177	6	6	Yes	<ul style="list-style-type: none"> <li>Audit</li> <li>Management</li> <li>Shares &amp; Debentures</li> <li>Banking</li> <li>Investment</li> </ul>	6	9	10	6
Shri K. Rahul Raju	00015990	6	6	Yes	<ul style="list-style-type: none"> <li>Shares &amp; Debentures</li> <li>Banking</li> <li>Audit</li> <li>Management</li> <li>Investment</li> </ul>	-	12	2	5

\* Smt. Medha Joshi ceased to be Nominee of IDBI Bank Limited on the Board of the Company with effect from April 21, 2014.

\*\* Shri S P Arora ceased to be Nominee of IFCI Limited on the Board of the Company with effect from January 30, 2014.

@Shri Anish Babu Venugopal, appointed as Nominee of IFCI Limited on the Board of the Company with effect from January 30, 2014.

# Shri Viney Kumar, appointed as Nominee of IDBI Bank Limited on the Board of the Company with effect from April 21, 2014.

## BOARD AGENDA AND MINUTES

As a system Agenda, Notes on Agenda and information to directors are generally circulated well in advance before the meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting.

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

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

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

During the year under review the Board of Directors met six times during the year on May 03, 2013, August 08, 2013, September 26, 2013, November 07, 2013, November 29, 2013 and February 06, 2014.

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

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

## INFORMATION TO THE BOARD

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

- Monthly operations report and quarterly results of the company.
- Annual operating plans, budgets, capital budgets, cash flow, updates and all variances.
- Contracts in which Directors are deemed to be interested.
- Materially important show-cause notices, demand, prosecutions or other legal notices.
- Materially relevant default in financial obligations to and by the company.
- Significant labour problems and their proposed solutions and other significant developments.
- Compliance of any regulatory, statutory nature or listing requirements.
- Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.
- Status of subsidiary companies.
- Minutes of meetings of the Board of Directors of subsidiary companies.
- Details of related party transactions.
- Quarterly compliance report on Clause 49 and any non-compliance.
- Report on risk assessment and minimisation procedures.
- Information on recruitment and remuneration of senior managerial personnel below the Board level.

- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Issues which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- Details of any joint ventures or collaboration agreements.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

## REVIEW OF LEGAL COMPLIANCE REPORTS

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

## REMUNERATION TO DIRECTORS

### Remuneration to Non-Executive Directors/Independent Directors

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

The table below shows the details of remuneration paid to Non-Executive/ Independent Directors of the company during 2013-14 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors.

Name of the Director	#Sitting Fees paid for attending meetings of the Board of Directors/ Committees of Directors
<b>NON-EXECUTIVE</b>	
Shri Chandra Pal Singh Yadav	27,000
<b>INDEPENDENT &amp; NON-EXECUTIVE</b>	
Dr N. C. B. Nath	2,70,000
Shri M. P. Radhakrishnan	2,70,000
Shri S. R. Ramakrishnan	1,89,000
Shri S. P. Arora *	54,000
Shri Yogesh Rastogi **	67,500
Smt Medha Joshi ***	2,43,000

\* Paid to IFCI Limited    \*\* Paid to ICICI Bank Limited  
 \*\*\* Paid to IDBI Bank Limited    # Excludes Sertice Tax

### Remuneration to Executive Directors

The Executive Directors' remuneration is subject to compliance of Schedule XIII of the Companies, Act 1956, Schedule V of the Companies Act, 2013 and other applicable provisions. The Board, on the recommendations of the Nomination and Remuneration Committee of the Board of Directors, considers the remuneration of the Executive Directors. The Board recommends the remuneration of Executive Directors, for approval of the shareholders, at the General Body Meeting or any such authority as may be required.

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

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

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

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

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

The table below shows the details of remuneration paid to Executive Directors of the company during 2013-14.

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

During the year 2013-14 the company has not increased the remuneration of any of its directors.

In view of the loss for the year ended March 31, 2014 and the default under the provisions of Schedule XIII of the Companies Act, 1956, during the previous financial year April 1, 2012 to March 31, 2013, the remuneration paid as approved by the company to Shri K S Raju, Chairman and Shri K Rahul Raju, Managing Director during the year April 1, 2013 to March 31, 2014 needs to be approved / ratified by the shareholders of the company, financial institutions and Central Government in terms of Schedule XIII to the Companies Act, 1956. The company is taking necessary steps in this regard at the 8th Annual General Meeting of the company.

Further in view of the loss for the year ended March 31, 2014 and the default under the provisions of Schedule V to the Companies Act, 2013 during the previous financial year April 1, 2013 to March 31, 2014, the remuneration paid/ payable as approved by the company, to Shri K S Raju, Chairman and Shri K Rahul Raju, Managing Director during the period April 1, 2014 to July 31, 2014 needs to be approved / ratified by the shareholders, financial institutions and the Central Government in terms of Schedule V of the Companies Act, 2013. The company is taking necessary steps in this regard at the 8th Annual General Meeting of the company.

The company shall make necessary applications to the Central Government for approval of the remuneration paid to Shri K S Raju and Shri K Rahul Raju after obtaining approvals of shareholders and financial institutions.

## APPOINTMENT OF THE DIRECTORS

### Non-executive Director

Shri Chandra Pal Singh Yadav, Director of the company is liable to retire by rotation and being eligible offers himself for reappointment as Director, liable to retire by rotation.

### Executive Directors

#### Shri K S Raju

Shri K S Raju was appointed as Chariman of the company for a period of three years effective from August 1, 2011. His term of appointment expires on July 31, 2014.

The Board of Directors at their meeting held on May 29, 2014 based on recommendation of Nomination and Remuneration Committee approved the re-appointment of Shri K S Raju as Chairman of the company and payment of remuneration for a period of 3 years with effect from August 1, 2014 subject to approval of members of the company and Central Government.

#### Shri K Rahul Raju

Shri K Rahul Raju was appointed as Managing Director of the company for a period of three years effective from August 1, 2011. His term of appointment expires on July 31, 2014.

The Board of Directors at their meeting held on May 29, 2014 based on recommendation of Nomination and Remuneration Committee approved the re-appointment of Shri K Rahul Raju as Managing Director of the company and payment of remuneration for a period of 3 years with effect from August 1, 2014 subject to approval of members of the company and Central Government.

The appointments and remuneration payable are being placed before the Members of the company at the 8th Annual General Meeting to be held on September 26, 2014 and shall be thereafter placed before the Central Government after the Financial Institutions consent to the appointment and payment of remuneration.

### Independent Directors

#### Dr N C B Nath and Shri S R Ramakrishnan

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, it is proposed to appoint Dr NCB Nath and Shri S R Ramakrishnan as Independent Directors of the company not liable to retire by rotation upto the conclusion of the 13th Annual General Meeting or September 25, 2019, whichever is later pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement.

The appointments are being placed before the members of the company at the 8th Annual General Meeting to be held on September 26, 2014 for their approval.

The table below lists the Directors being appointed

#### Non-Executive Directors

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

#### Independent Directors

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Dr N C B Nath	February 17, 1930	August 1, 2011	PhD (Economics), LLB	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> </ul>	<ul style="list-style-type: none"> <li>Nagarjuna Oil Refinery Limited</li> <li>- Audit Committee</li> <li>- Stakeholders Relationship Committee</li> <li>- Management Committee</li> <li>- Nomination and Remuneration Committee</li> </ul>
Shri S R Rama krishnan	February 4, 1935	August 1, 2011	B.E (Mech) Hons	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> <li>- Shriram EPC Limited</li> <li>- Nagarjuna Oil Corporation Limited</li> </ul>	<ul style="list-style-type: none"> <li>Nagarjuna Oil Refinery Limited</li> <li>- Management Committee</li> <li>- Audit Committee</li> <li>- Nomination and Remuneration Committee</li> </ul>

## Executive Directors

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

### RETIREMENT POLICY OF THE DIRECTORS

The company does not have a Retirement Policy for the members of the Board of Directors of the company and complies with the provisions of the Companies Act, 2013 and Listing Agreement.

### RESPONSIBILITIES OF THE DIRECTORS

#### Responsibilities of the Board

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

#### Responsibilities of the Chairman and Managing Director

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

### SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Shri K. S. Raju, Chairman and Shri K. Rahul Raju, Managing Director do not hold any shares in the company as on March 31, 2014

None of the Non-Executive Directors held shares in the company as on March 31, 2014.

### 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 appears in the annexure to the Corporate Governance report.

### LEAD INDEPENDENT DIRECTOR

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

### TRAINING FOR THE BOARD MEMBERS

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

The company whenever required, engaged reputed consultants for advice on developing training and other processes in line with best international Corporate Governance practices.

The Board of Directors meet periodically with Senior Managerial Personnel and discuss areas of interest of the company.

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

#### COMMITTEES TO THE BOARD

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

The Committees constituted by the Board as on date are:

##### 1. SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee comprises of:

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

The Committee has not met during the year 2013-14 under review, but passed resolutions through circulation on July 30, 2013, November 11, 2013 and March 21, 2014 due to inadequate quorum.

The quorum is two members present in person.

##### Terms of reference:

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

##### 2. INVESTOR GRIEVANCES COMMITTEE

The Committee met four times during 2013-14.

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

Name of the Member	Category	Date of Meeting and attendance particulars			
		03.5.2013	08.8.2013	07.11.2013	06.02.2014
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Shri M. P. Radha Krishnan	Member	✓	✓	✓	✓
Smt Medha Joshi	Member	✓	✓	✓	✓

✓ - Present, ✗ - Absent

The quorum is two members present in person.

##### Terms of reference:

The Committee, inter alia looks into and redresses shareholders/ investors grievances relating to

- Transfer of shares
- Non-receipt of declared dividends
- Non-receipt of Balance Sheet
- Complaints directly concerning the shareholders/investors as stakeholders of the company

- Such other matters that may be considered necessary in relation to shareholders, debenture holders and investors of the company

**Note: The Committee ceased to exist effective from April 22, 2014 pursuant to the resolution passed by the Board of Directors.**

##### 3. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and Revised Clause 49 of the Listing Agreement with the following members.

Name of the Member	Category
Dr. N C B Nath	Chairman
Shri M. P. Radhakrishnan	Member
Shri Viney Kumar	Member

##### Terms of reference:

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

##### 4. MANAGEMENT COMMITTEE

The Management Committee of Directors met four times during 2013-14 apart from considering matters through circulation due to inadequate quorum.

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

Name of the Member	Category	Date of Meeting and attendance particulars			
		03.5.2013	08.8.2013	07.11.2013	06.02.2014
Shri K. S. Raju	Chairman	✓	✓	✓	✓
Dr NC. B. Nath	Member	✓	✓	✓	✓
Shri S. R. Rama krishnan	Member	✓	✓	✓	✓
Shri K. Rahul Raju	Member	✓	✓	✓	✓
Shri M. P. Radha krishnan	Member	✓	✓	✓	✓
Smt Medha Joshi	Member	✓	✓	✓	✓

✓ - Present, ✗ - Absent

The quorum is two members present in person.

##### Terms of reference:

- To review the operations of the company from time to time and also formulate and review corporate objectives and strategies including long range plans for expansion/diversification of the company's activities.
- To formulate annual budgets/business plans for the company.
- To approve capital expenditure other than proposals for expansion, diversification, modernisation and de-bottlenecking, including Research Projects and R&D division and investment in immovable property, above ₹ 5 crores upto ₹ 10 crores per proposal, excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.

4. To approve revenue expenditure above ₹ 5 crores and upto ₹ 10 crores in case of procurements on a single tender basis or above ₹ 10 crores upto ₹ 15 crores on multi-tender basis excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
5. To make donations/contributions to charitable and other funds other than to any political party or for political purposes upto an aggregate amount of ₹ 10 lakhs in any financial year.
6. To lay down and review from time to time the company's employment policy.

#### 5. AUDIT COMMITTEE

The Audit Committee of Directors comprises well-qualified and Independent Directors. All the members of the Committee possess adequate knowledge of finance and accounts. The scope of the activities of the Committee are in conformity as are set out in Clause 49 II (D) of the Listing Agreement with stock exchanges read with Section 292A of the Companies Act, 1956.

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

Name of the Member	Category	Date of Meeting and attendance particulars					
		03.5.13	08.8.13	26.09.13	07.11.13	29.11.13	6.2.14
Dr N C B. Nath	Chairman	✓	✓	✓	✓	✓	✓
Shri S. R. Rama krishnan	Member	✓	✓	✓	✓	X	✓
Shri M. P. Radha krishnan	Member	✓	✓	✓	✓	✓	✓
Smt Medha Joshi	Member	✓	✓	✓	✓	X	✓
Shri K. S. Raju	Member	✓	✓	✓	✓	✓	✓
Shri K. Rahul Raju	Member	✓	✓	✓	✓	✓	✓

✓ - Present, X - Absent

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

The quorum is two independent members present in person.

#### Terms of reference:

1. 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.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgement by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
  - h) Review regarding the going concern assumption and compliance with the accounting standards.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) in terms of offer document/prospectus issued if any.
7. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the whistle blower mechanism, in case the same is existing.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
15. To consider and commend to the Board appointment of Cost Auditor of the company.
16. To approve appointment of Chief Financial Officer of the company.
17. To review the company's financial and risk management policies.
18. The Audit Committee is empowered, pursuant to its terms of reference to:

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

**Note:**

**The Audit Committee of the Board of Directors of the company constituted on July 27, 2011 has been re-constituted with regard to the Members and the Terms of Reference with effect from May 29, 2014 to bring in line with the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.**

The Audit Committee has been reconstituted as under:

1.	Dr N C B Nath	Chairman
2.	Shri S R Ramakrishnan	Member
3.	Shri K S Raju	Member
4.	Shri M P Radhakrishnan	Invitee
5.	Shri Viney Kumar	Invitee

The quorum for the Audit Committee shall be two members or 1/3rd of the strength of the Audit Committee, whichever is higher.

With effect from October 1, 2014 the quorum will require atleast two independent directors present at the meeting.

**Terms of Reference**

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

- e. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- g. Review and monitor the auditor's independence and performance and effectiveness of audit process.
- h. Approval or any subsequent modification of transactions of the company with related parties.
- i. Scrutiny of inter-corporate loans and investments.
- j. Valuation of undertakings or assets of the company, wherever it is necessary.
- k. Evaluation of internal financial controls and risk management systems.
  - l. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors any significant findings and follow up thereon.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.
- s. To approve the appointment of CFO / Whole time Finance Director.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u. To consider and commend to the Board appointment of Cost Auditor of the company.

**REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2014**

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.
- c. The Audit Committee noted the Audit Report, the view of the Auditee and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the course of the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.
- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee is recommending to the Board the reappointment of M/s. M Bhaskara Rao & Co., Chartered Accountants as statutory auditors of the Company, to carry out audit of the accounts of the Company for a term of five years commencing from the conclusion of 8th Annual General Meeting to the conclusion of 13th Annual General Meeting subject to ratification at every Annual General Meeting. M/s. M Bhaskara Rao & Co., have confirmed their eligibility under Section 141 of the Companies Act, 2013.
- i. M/s. M Bhaskara Rao & Co., have also confirmed that they have a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as per the requirements of Clause 41 of the Listing Agreement.
- j. The Committee is recommending to the Board, the reappointment of Shri Dantu Mitra as Cost Accountant of the Company, for the financial year 2014-15.
- k. Shri Dantu Mitra vide his letter dated April 21, 2014 has confirmed that:
  - a. He is eligible to be appointed as Cost Auditor of the Company pursuant to Section 141 of the Companies Act, 2013.
  - b. He holds a valid certificate of practice.
  - c. Pursuant to the revised procedure for appointment of Cost Auditor, as stated in Circular No.52/5/CAB-2011 dated April 11, 2011 Shri Dantu Mitra has further confirmed that he is not disqualified under any of the provisions of Section 148 of the Companies Act, 2013 and he has further stated that he is having an independent (Sole Proprietor) Practice as a Cost Accountant and has an arm's length relationship with the Company.

Hyderabad  
July 30, 2014

Sd/-  
Chairman, Audit Committee

**6. BANKING COMMITTEE**

The Banking Committee of Directors met seven times during 2013-14 on April 10, 2013, May 31, 2013, August 19, 2013, November 07, 2013, January 20, 2014, January 22, 2014 and March 18, 2014.

The Banking Committee comprises of

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

The quorum is two members present in person.

**Terms of reference:**

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

**7. INVESTMENT COMMITTEE**

The committee has not met during the year under review 2013-14

The Investment Committee comprises:

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

The quorum is two members present in person.

**Terms of reference:**

1. Investment of surplus funds in units, discounting of LC backed bills, clean bill discounting, inter-corporate deposits and investment in shares.
2. To disinvest or pledge the securities such as shares, debentures, government bonds, among others, held by the company in its name from time to time and do all such acts, deeds and things that are necessary in this regard.

**8. REMUNERATION COMMITTEE**

The Committee was constituted on April 02, 2011

There were no meetings of Remuneration Committee during 2013-14.

The Committee comprises of :

Name of the Member	Category
Dr. N. C. B. Nath	Chairman
Shri S. R. Ramakrishnan	Member
Shri M. P. Radhakrishnan	Member

✓ - Present, ✗ - Absent

The quorum is two members present in person.

**Terms of reference:**

To fix the remuneration payable to managerial personnel from time to time.

**Note: The Committee ceased to exist effective from April 22, 2014 pursuant to the resolution passed by the Board of Directors.**

## 9. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and Revised Clause 49 of the Listing Agreement with the following members.

- |                           |          |
|---------------------------|----------|
| 1. Dr N C B Nath          | Chairman |
| 2. Shri M P Radhakrishnan | Member   |
| 3. Shri S R Ramakrishnan  | Member   |
| 4. Shri K S Raju          | Member   |

Terms of Reference:

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

## 10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee was constituted on March 14, 2014.

There were no meetings of the Corporate Social Responsibility Committee during 2013-14.

The Committee comprises of :

Name of the Member	Category
Dr. N. C. B. Nath	Chairman
Shri K S Raju	Member
Shri K Rahul Raju	Member

The quorum is two members present in person.

The terms of reference :-

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

## 11. RISK MANAGEMENT COMMITTEE

The Board of Directors of the company in accordance with the revised Clause 49 of the Listing Agreement had constituted a Risk Management Committee of the Board of Directors on May 29, 2014.

The members of the committee are:

Name of the Member	Category
Dr. N. C. B. Nath	Chairman
Shri S R Ramakrishnan	Member
Shri M P Radhakrishnan	Member
Shri Viney Kumar	Member
Shri K S Raju	Member
Shri K Rahul Raju	Member

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

The terms of reference of the Committee are as follows:

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

## REMUNERATION POLICY:

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

## RISK ASSESSMENT AND MINIMISATION PROCEDURE

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

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

## C. MANAGEMENT

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

All these policies, procedures and practices are elaborated hereunder:

### a. Policy on Corporate Governance

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

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

### b. Policy on Corporate Social Responsibility (CSR)

The company's dedicated philosophy of "SERVING SOCIETY THROUGH INDUSTRY" is envisaged through the above policy.

At Nagarjuna, CSR is an initiative to "create new value" to economic, environmental and social issues and is intended to

identify your company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

**c. Policy on Vendor's Grievances**

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

**d. Policy on Supply Chain**

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

**e. Prohibition of Insider Trading**

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

**f. Policy on Succession Planning**

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

**g. Policy on Employee Participation in Management (EPM)**

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

**h. Whistle Blower Policy**

The company formulated a policy to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

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

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

**i. Legal Compliance Policy**

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

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

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

**j. Policy on Conflict Management**

The company adopted a Policy on Conflict Management, which

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

**k. Policy on Training for Board of Directors**

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

**l. Policy on Induction of Directors**

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

**m. Board Charter**

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

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

**n. Forex Risk Management Policy**

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

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

**o. Policy on Corporate Sustainability**

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

**p. Policy on Sexual Harassment at workplace**

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

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

#### q. Policy on Related Party Transactions

The policy on Related Party Transactions was adopted by the company in compliance of revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The company to the extent possible does ensure that there are no related party transaction and if entered into due to exigencies, shall enter into the transaction as if entered into between unrelated parties.

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

### MANAGEMENT DISCUSSION AND ANALYSIS

This annual report has a detailed chapter on Management Discussion and Analysis.

#### MANAGEMENT DISCLOSURES

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

#### D. STAKEHOLDERS

##### DISSEMINATION OF INFORMATION

The company established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the company, including the quarterly results, can be viewed on the company's website [www.nagarjunafertilizers.com](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 newspapers like The Hindu and Business Line and in vernacular newspapers like Eenadu.

##### Quarterly results sent electronically

The company proactively requested the shareholders to inform the company about their email IDs. As an investor-friendly measure, the unaudited financial results and audited financial results for the year ended March 31, 2014 of the Company, were emailed in addition to being published in newspapers.

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

##### CorpFiling/NEAPS facility

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

#### Investor Grievance Redressal

The company has 4,73,746 shareholders as on March 31, 2014.

The table below lists the details of shareholder's or depositor's queries/ complaints/requests received and resolved during 2013-14.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	347	347	0
Revalidation of dividend warrants	0	1127	1127	0
Share transfers	0	0	0	0
Demat / Remat of Shares	0	0	0	0
Issue of duplicate certificates	0	9	9	0
Transmission of shares*	312	162	0	474
General queries	0	5580	5580	0

\*In accordance with the Composite Scheme of Arrangement and Amalgamation the shares of NFCL will remain frozen till the receipt of listing / trading permission. The relaxation under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 for trading is pending from SEBI.

#### SHARE TRANSFER SYSTEM

The company's transfer of shares is fully computerized.

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

#### E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the company is providing e-voting facility to enable shareholders to cast their vote electronically on all the resolutions set forth in the Notice to the 8th Annual General Meeting to be held on Friday i.e., September 26, 2014 at 10.00 AM. The company has engaged the services of Central Depository Services (India) Limited to provide e-voting platform to the shareholders.

Please refer to the detailed instructions on e-voting at page no. 93 of the Annual Report 2013-14.

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

Shareholders who do not have access to e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before closing of business hours of September 22, 2014.

#### Compliance Officer

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

#### Share Transfer Agents

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

### Nomination facility

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

### Dematerialization of shares and liquidity

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

The company signed agreements with both the depositories, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2014, 90.91 % of the shares of the company are held in electronic mode.

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

Total No. of equity shares	:	59,80,65,003
Total No. of shareholders as on March 31, 2014	:	4,73,746

The table below shows the status of the equity shares of the company as on March 31, 2014:

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

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

### RECONCILIATION OF SHARE CAPITAL AUDIT

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

### DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2014

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

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2014

Category	No. of shares held	% of shareholding
A. Promoter's holding	30,72,33,260	51.37
B. Non-promoters holding		
I. Institutional investors		
a. Mutual funds and UTI	11,73,425	0.20
b. Banks, financial institutions, insurance companies (Central/state government institutions/non-government institutions)	89,33,409	1.49
c. Foreign Institutional Investors	1,00,82,944	1.69
II. Others		
a. Private corporate bodies	6,61,54,931	11.06
b. Indian public	17,28,19,586	28.90
c. NRIs/OCBs	57,76,991	0.97
d. Any other (please specify) trusts	2,58,90,457	4.33
GRAND TOTAL	59,80,65,003	100.00

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2014

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

@ - Shares of Nagarjuna Management Services Private Limited (NMS), Nagarjuna Holdings Private Limited (NHPL), Baron Properties Private Limited (BPPL), White Stream Properties Private Limited (WSPPL) are yet to be transferred to Nagarjuna Corporation Limited in terms of Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012.

Nagarjuna Corporation Limited has since merged into Amlika Mercantile Private Limited and vested with these shares.

# - shares of Nagarjuna Staff Betterment Company Private Limited are yet to be transferred to Nagarjuna Corporation Limited in terms of Scheme of Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai.

Nagarjuna Corporation Limited has since merged into Amlika Mercantile Private Limited and vested with these shares.

### LIST OF PROMOTER COMPANIES OF THE NAGARJUNA GROUP

#### Core Promoters

1. Nagarjuna Corporation Limited

#### Co-Promoters

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

### RESTRUCTURING

The Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited, Ikisan Limited, Nagarjuna Fertilizers and

Chemicals Limited and Nagarjuna Oil Refinery Limited (Scheme) was approved by the Hon'ble High Court of Bombay at Mumbai on June 17, 2011 and by the Hon'ble High Court of Andhra Pradesh at Hyderabad on June 27, 2011.

Consequent to the approval of the Jurisdictional High Courts the Composite Scheme was made effective on July 30, 2011 i.e., 'Effective Date' but operative from 'Appointed Date' i.e., April 1, 2011. With effect from July 30, 2011, the 'Oil Business Undertaking' of Erstwhile NFCL was demerged into NORL and the residual NFCL along with Ikisan were merged into your company.

The company had filed applications for listing of equity shares with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on October 7, 2011. BSE approved application of the company for listing of 59,80,65,003 equity shares on December 14, 2011 and NSE provided in-principle approval for listing of 59,80,65,003 equity shares on January 13, 2012 subject to obtaining relaxation from SEBI under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957

The company has been persistently following up with Securities and

Exchange Board of India (SEBI) for relaxation under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and has furnished all necessary documents/ clarifications from time to time after having complied fully with the provisions of the Companies Act, 1956, Listing Agreement and other statutory enactments in force.

The company has not received any intimation from SEBI in relation to the granting of the relaxation.

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

An application has been filed by SEBI in the High Court of Bombay at Mumbai challenging the approval granted to the Composite Scheme. The company is contesting the application and the matter is sub-judice.

The company is taking all necessary steps to protect itself and the interest of all its stakeholders and shall keep the stakeholders informed of any progress on the matter from time to time.

#### GENERAL BODY MEETINGS

The Seventh Annual General Meeting of the company was held on November 29, 2013, at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

Shri K S Raju, Chairman, chaired the meeting.

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

#### LAST THREE ANNUAL / EXTRA-ORDINARY GENERAL MEETINGS

NO. OF AGM & F.Y	DATE & TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
<b>ANNUAL GENERAL MEETINGS</b>			
5th AGM 2010-11	July 12, 2011 at 2. 30 pm	A/612, Dalamal Towers, 211, Nariman Point, Mumbai-400021	<ul style="list-style-type: none"> <li>• Appointment of M/s M Bhaskara Rao &amp; Co, Chartered Accountants, Hyderabad as a Statutory Auditors in place of M/s M Anandam &amp; Co</li> <li>• Appointment of Shri K. S. Raju as a Director and Chairman for a period of 3 years with effect from August 1, 2011 and payment of Remuneration in accordance with Schedule XIII and other provisions of the Companies Act, 1956.</li> <li>• Appointment of Shri K. Rahul Raju as a Managing Director for a period of 3 years with effect from August 1, 2011 and Remuneration in accordance with Schedule XIII and other provisions of the Companies Act, 1956.</li> <li>• Alteration of Objects Clause</li> <li>• Investment in Nagarjuna Fertilizers and Chemicals Nigeria Ltd under Section 372A of the Companies Act, 1956.</li> <li>• Furnishing a guarantee to the financial institutions and banks under Section 372A of the Companies Act, 1956.</li> <li>• Alteration of Articles of Association as per Section 31 of the Companies Act, 1956.</li> <li>• Shifting of Registered Office from state of Maharashtra to state of Andhra Pradesh as per section 17 of the Companies Act, 1956.</li> </ul>

NO. OF AGM & F.Y	DATE & TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
6th AGM 2011-2012	August 31, 2012 at 11.30 a.m	Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Increase in remuneration of Shri K S Raju, Chairman of the company.</li> <li>Increase in remuneration of Shri K Rahul Raju, Managing Director of the company.</li> </ul>
7th AGM 2012-2013	November 29, 2013 at 09.00 a.m	Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Alteration of Articles of Association by inserting provision relating to Buy Back of Shares of the company.</li> <li>Alteration of Articles of Association by substituting existing Article 136 with the new provision.</li> <li>Alteration of Articles of Association relating to Authorized Share Capital of the company by substituting the existing Article 5(1) with the new provision relating to the increase in authorised share capital of the company.</li> </ul>
<b>EXTRA ORDINARY GENERAL MEETINGS</b>			
EGM 2011-12	February 25, 2011 at 02.30 PM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> <li>Cancellation of existing capital of ₹ 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>
EGM 2011-12	August 19, 2011 at 09.00AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<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>
EGM 2011-12	September 12, 2011 at 9.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<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 ₹ 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>

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

The company has not raised any funds from the public

The company has not issued any GDRs/ADRs.

#### MONEYS REMAINING UNCLAIMED WITH THE COMPANY

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

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

#### DISCLOSURES

Compliance with mandatory requirements of the Listing Agreement

a. Related party transactions:

Names of related parties and description of relationship.

#### Subsidiaries

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

#### Step down Subsidiaries

- Nagarjuna East Africa Limited \*  
(Subsidiary of Nagarjuna Industrial Services and Investments Private Limited)

\* application filed for striking off the name of the company to Registrar of Companies, Nairobi.

#### Associates

- Nagarjuna Agricultural Research and Development Institute

- (ii) KVK Raju International Leadership Academy
- (iii) Nagarjuna Foundation

**Associate to Subsidiary**

Nagarjuna Spawnt Gmbh

**Key Managerial Personnel**

- (i) Shri K.S.Raju, Chairman
- (ii) Shri K.Rahul Raju, Managing Director

**Relatives of Key Managerial Personnel**

- (i) Smt. Veda Raju (Wife of Shri K Rahul Raju)

- (ii) Smt. K Lakshmi Raju (Daughter of Shri K S Raju & Sister of Shri K Rahul Raju)

- (iii) Smt. K Lakshmi Raju (Sister of Shri K S Raju)

**Enterprises significantly influenced by Key Managerial personnel or their relatives**

- (i) Nagarjuna Corporation Ltd.
- (ii) NFCL Employees Welfare Trust
- (iii) Nagarjuna Agrichem Ltd
- (iv) Nagarjuna Oil Refinery Ltd

**Related party transactions during the year ended 31.03.2014 are as under:**

Sl. No.	Nature of transaction	Subsidiaries 31.03.14	Associates 31.03.14	Key Managerial Personnel and Relatives 31.03.14	Enterprises significantly influenced by Key Managerial personnel or their relatives
1	Advances given	569.86	Nil	Nil	173.28
		(2,919.00)	(Nil)	(Nil)	(213.53)
2	Lease rental received	Nil	Nil	Nil	0.50
		(Nil)	(Nil)	(Nil)	(6.00)
3	Remuneration to key managerial personnel	Nil	Nil	195.72	Nil
		(Nil)	(Nil)	(159.18)	(Nil)
4	Rent paid	Nil	Nil	62.78	6.74
		(Nil)	(Nil)	(56.04)	(6.74)
5	Rent received	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(0.36)
6	Contribution	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)
7	Management consultancy services	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)
8	Closing balances - Advances (Debit)	3,488.86	Nil	Nil	386.81
		(2,919.00)	(Nil)	(Nil)	(213.53)

Note: Figures in brackets represent previous year transactions

**b. Disclosure of accounting treatment**

In the preparation of financial statements, the company followed the accounting standards issued by the Institute of Chartered Accountants of India

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

Not applicable

**d. Certifications:**

1. The Managing Director and Chief Financial Officer, certify every quarter that the unaudited financial results of the company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.
2. A certificate as stipulated by Clause 49 signed by Managing Director and Chief Financial Officer certifying the correctness of the year end financial statements and cash flow statement,

responsibility for internal controls and indication of changes in the internal control and accounting policies appears in the annexure to this report.

3. A certificate as mandated by Clause 49 signed by Managing Director certifying the compliance of code of conduct and ethics appears in the annexure to this report
- e. There were no penalties, strictures imposed on the company by stock exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matter related to capital markets during the last three years.

**Compliance with Mandatory Requirements of Clause 49**

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

A certificate from practicing Company Secretary that the conditions of Corporate Governance as mandated by Clause 49 of the Listing Agreement, has been obtained and the same is shown as an annexure to the Directors Report.

**The table shows the Compliance Report status**

Particulars	Caluse	Compliance Status (Yes/No) & Remarks
<b>I. Board of Directors</b>	<b>49 I</b>	
A. Composition of Board	49 (IA)	Yes
B. Non-Executive Directors' Compensation & Disclosures	49 (IB)	Yes
C. Other Provisions as to Board and Committees	49 (IC)	Yes
D. Code of Conduct	49 (ID)	Yes
<b>II. Audit Committee</b>	<b>49 II</b>	
A. Qualified & Independent Audit Committee	49 (IIA)	Yes
B. Meeting of Audit Committee	49 (IIB)	Yes
C. Powers of Audit Committee	49 (IIC)	Yes
D. Role of Audit Committee	49 (IID)	Yes
E. Review of Information by Audit Committee	49 (IIE)	Yes
<b>III. Subsidiary Co's</b>	<b>49 (III)</b>	Yes
<b>IV. Disclosures</b>	<b>49 IV</b>	
A. Basis of Related Party Transactions	49 (IVA)	Yes
B. Accounting treatment	49 (IVB)	Yes
C. Board Disclosures	49 (IVC)	Yes
D. Proceeds from Public Issues, Rights Issues, Preferential Issues	49 (IVD)	Not Applicable
E. Remuneration of Directors	49 (IVE)	Yes
F. Management	49 (IVF)	Yes
G. Shareholders	49 (IVG)	Yes
<b>V. CEO/CFO Certification</b>	<b>49 (V)</b>	<b>Yes</b>
<b>VI. Report of Corporate Governance</b>	<b>49 (VI)</b>	<b>Yes</b>
<b>VII. Compliance</b>	<b>49 (VII)</b>	<b>Yes</b>

**COMPLIANCE/NON-ADOPTION OF NON-MANDATORY REQUIREMENTS**

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

**OTHER COMPLIANCES**

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

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

The company has been following good secretarial practices and standards as laid down in the Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi, except in relation to compliance of Secretarial Standard - 2, Clause 1.2.6, which provides for listed companies with more than 5,000 shareholders to publish in a newspaper having wide circulation within India, where more than

1,000 members reside an abridged text of the Notice, listing the items of the business of the Meeting.

**Secretarial Audit Report**

The company voluntarily subjected itself to Secretarial Audit and obtained Secretarial Audit Report from Practicing Company Secretary of the Institute of Company Secretaries of India, for the financial year ended March 31, 2014, confirming the compliance of the applicable provisions of the various corporate laws.

The Practicing Company Secretary in the Secretarial Audit Report for the year 2013-14 has not made any adverse remarks.

**GENERAL SHAREHOLDERS INFORMATION**

<b>8th Annual General Meeting Day, Date, Time and Venue</b>	Friday, September 26, 2014 at 10 AM Sri Satya Sai Nigamagadam, Srinagar Colony, Hyderabad
<b>Dates of Book Closure</b>	September 12, 2014 to September 26, 2014 (both days inclusive)
<b>Registered Office</b>	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
<b>Plant Location</b>	The Company has two urea and one customised fertiliser plants located at Kakinada in Andhra Pradesh and micro-irrigation system manufacturing facilities at Nacharam and Sadashivpet in Telangana and Halol in Gujarat
<b>Compliance Officer</b>	Shri M Ramakanth, Vice President - Legal & Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
<b>Share Transfer Agent</b>	Nagarjuna Fertilizers and Chemicals Limited Investors Services 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 declared a dividend of ₹ 1/- per share to the equity shareholders of the Company for the year ended March 31, 2012. No dividend was declared in the years 2012-13 and 2013-14.
<b>Tentative dates for considering financial results</b>	Quarter ending June 30, 2014 - 3rd week of July 2014 Quarter ending September 30, 2014 - 3rd week of October 2014 Quarter ending December 31, 2014 - 3rd week of January 2015 For the year ending March 31, 2015 - 4th week of April 2015
<b>Listing on stock exchanges</b>	The Bombay Stock Exchange, Corporate Relationship Department, 1st Floor, New Trading Ring, Routunda Building PJ Towers, Dalal Street, Fort Mumbai - 400 001. National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051
<b>Listing fee</b>	The Company has paid the initial listing fees to The Bombay Stock Exchange, Mumbai and The National Stock Exchange of India Limited, Mumbai.
<b>ISIN No</b>	INE454M01024 for NSDL and CDSL.
<b>CIN No.</b>	U24129AP2006PLC076238

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

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

1. We have reviewed the Balance Sheet and Statement of Profit and Loss of the company for the year ended March 31, 2014 and all its schedules and notes on accounts, as well as the Cash Flow Statement.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of and for, the periods presented in this report and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. To the best of our knowledge and information :
  - a. these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading.
  - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
5. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the company, which are fraudulent or illegal.
6. The company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the company's internal controls and procedures and confirm them to be adequate.
7. The company's other certifying officers and we have disclosed, based on our most recent evaluation of internal controls and systems and have to state
  - a. That there were no deficiencies in the design or operation of internal controls, which we are aware;
  - b. That there have been adequate internal controls in the company.
  - c. That there was no fraud, which we have become aware of and that involves Management or other employees who have a significant role in the company's internal control systems;
  - d. That there were no changes in accounting policies during the year.

**K Rahul Raju**  
Managing Director

**Sudhir Bhansali**  
Chief Financial Officer

Hyderabad  
July 30, 2014

## 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, 2014 received from all the Members of the Board of Directors and all the Senior Management Personnel of the Company a declaration of compliance with the Code of Conduct and Ethics as applicable to them.

Senior Management Personnel are personnel who are a part of the core management team, comprising personnel one level below the executive directors and including all functional heads as on March 31, 2014.

**M Ramakanth**  
Vice President - Legal & Secretary

**K Rahul Raju**  
Managing Director

Hyderabad  
July 30, 2014

## 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 March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

The Share Transfer Agent of the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year end as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.

In relation to the Composite Scheme of Arrangement and Amalgamation approved by the jurisdictional High Courts of Mumbai and Andhra Pradesh, the company has approached SAT for redressal in view of the delays in granting of relaxation by SEBI and also contesting the application of SEBI filed in the Mumbai High Court to recall, set-aside the order dated June 17, 2011 approving the Composite Scheme.

We certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **KBG ASSOCIATES**  
Company Secretaries  
**(Srikrishna S Chintalapati)**

Hyderabad  
July 17, 2014

Partner  
CP # 6262