



**NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED**

*(The company was incorporated on November 07, 2006 under the provisions of the Companies Act, 1956 in the name of Kakinada Fertilizers Limited. The name of the company has been changed to Nagarjuna Fertilizers and Chemicals Limited on August 19, 2011 pursuant to the Composite Scheme of Arrangement and Amalgamation sanctioned by the Hon'ble High Court of Bombay and Hon'ble High Court of Andhra Pradesh at Hyderabad.)*

**Registered Office:** Door No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082

**Phone:** +91 – 40 - 23355317 **Fax:** +91 - 40 – 23350247 **Registration no:** L24129AP2006PLC076238

**Contact person:** Mr. M. Ramakanth – Sr. Vice President-Legal & Secretary

**Email:** ramakanthm@nagarjunagroup.com **Website:** [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)

**PROMOTER OF THE COMPANY: AMLIKA MERCANTILE PRIVATE LIMITED**

**INFORMATION MEMORANDUM FOR LISTING OF 59,80,65,003 EQUITY SHARES OF `1/- EACH  
NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM ("IM")**

*THIS INFORMATION MEMORANDUM IS FOR THE INFORMATION OF SHAREHOLDERS OF ERSTWHILE **NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED** AND **IKISAN LIMITED** WHO HAVE RECEIVED EQUITY SHARES IN EXCHANGE OF THEIR HOLDING IN ERSTWHILE **NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED** AND **IKISAN LIMITED** RESPECTIVELY PURSUANT TO THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION APPROVED BY THE HON'BLE HIGH COURT OF JUDICATURE AT BOMBAY AND THE HON'BLE HIGH COURT OF ANDHRA PRADESH AT HYDERABAD*

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Nagarjuna Fertilizers and Chemicals Limited, unless they can afford to take the risk of losing part or all of their investment. Investors are advised to read the Risk Factors page of this Information Memorandum carefully before taking an investment decision in the shares of Nagarjuna Fertilizers and Chemicals Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

Nagarjuna Fertilizers and Chemicals Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares of Nagarjuna Fertilizers and Chemicals Limited are proposed to be listed on the Bombay Stock Exchange Limited (BSE), (Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE).

**REGISTRAR AND TRANSFER AGENT**



**Nagarjuna Fertilizers and Chemicals Limited**

**Investors Services Cell,**

Plot No.1, Nagarjuna Hills, Punjagutta, Hyderabad – 500082

**Tel:** +91–040– 23358405-408; **Fax:** +91–040– 23350714

**Website:** [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com) **E-mail:** [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)

**SEBI Registration No.:** INR 200004114

**Contact Person:** Mr. K Suri Babu

## TABLE OF CONTENT

SECTION	CHAPTERS	Page No.
<b>I</b>	<b>GENERAL</b>	2
	Synopsis Of The Composite Scheme Of Arrangement	2
	Definitions, Abbreviations and Industry Related Terms	3
	Certain conventions and Use of Financial & Market Data	5
	Forward Looking Statements	6
<b>II</b>	<b>RISK FACTORS</b>	11
<b>III</b>	<b>INTRODUCTION</b>	11
	Summary of Business	13
	Summary of Financial Information	24
	General Information	28
	Capital Structure	49
	Scheme of Arrangement	57
	Statement of Tax Benefits	67
<b>IV</b>	<b>ABOUT OUR COMPANY</b>	67
	Industry Overview	75
	Business Overview	91
	History and Other Corporate Matters	99
	Management	99
	Promoter & Promoter Group and Group Companies	114
	Dividend Policy	121
<b>V</b>	<b>FINANCIAL INFORMATION</b>	122
<b>VI</b>	<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	171
<b>VII</b>	<b>LEGAL AND OTHER INFORMATION</b>	176
	Outstanding Litigations and Defaults	176
	Material Developments	188
	Government and other approvals	189
	Other Regulatory and Statutory Disclosures	193
<b>VIII</b>	<b>MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY</b>	197
<b>IX</b>	<b>OTHER INFORMATION</b>	232
	Material Contracts and Documents for Inspection	232
	Declaration	233

## SECTION I – GENERAL

### SYNOPSIS OF THE COMPOSITE SCHEME OF ARRANGEMENT

Nagarjuna Fertilizers and Chemicals Limited (Erstwhile NFCL), the flagship company of the Nagarjuna Group was incorporated on 28th January 1976 at Hyderabad. Erstwhile NFCL was primarily in the manufacture and sale of Urea and Micro Irrigation systems and marketing of other fertilizers and allied products, research & development, besides the oil refining business. The equity shares of the Company were listed at BSE and NSE w.e.f June 20, 1991 and March 15, 1995 respectively.

On July 30, 2011, Erstwhile NFCL entered into a Composite Scheme of Arrangement and Amalgamation between iKisan Limited (iKisan) and Kakinada Fertilizers Limited (KFL) and Nagarjuna Oil Refinery Limited (NORL) whereby –

- Erstwhile NFCL demerged its oil refining business in NORL. The residual business of Erstwhile NFCL was merged in its wholly owned subsidiary viz., KFL along with a group company iKisan;
- The incorporation details of KFL, NORL and iKisan are as under:
  - a. KFL – on November 7, 2006;
  - b. NORL – on November 16, 2010 and
  - c. iKisan – on April 11, 2007
- Subsequently, on August 19, 2011, the name of KFL was changed to Nagarjuna Fertilizers and Chemicals Limited (NFCL);
- Pursuant to this composite scheme of arrangement, the equity shares of NFCL and NORL will be listed at BSE and NSE respectively;
- The Share Swap Ratio for the same is as under:

#### Equity Shares

- *1 (one) equity share of ` 1 each fully paid up of NORL for every 1 (one) equity share of ` 10 each fully paid up, held by the equity shareholders in Erstwhile NFCL*
- *11 (eleven) equity shares of ` 1 each fully paid up of KFL (now NFCL) for every 10 (ten) equity shares of ` 10 each fully paid up, held by the equity shareholders in Erstwhile NFCL.*
- *43 (forty three) equity shares of ` 1 each fully paid up of KFL (now NFCL) for every 10 (ten) equity shares of ` 10 each fully paid up, held by the shareholders in iKisan.*

#### Preference Shares

- *1 (One) preference share of ` 10 each fully paid up of NORL for every 1 (One) preference shares of ` 100 each fully paid up, held by the preference shareholders in Erstwhile NFCL.*

*1 (one) preference share of ` 90 each fully paid up of KFL for every 1 (one) preference shares of ` 100 each fully paid up, held by the preference shareholders in Erstwhile NFCL.*

## DEFINITIONS, ABBREVIATIONS & INDUSTRY RELATED TERMS

Term	Description
“Nagarjuna Fertilizers and Chemicals Ltd” or the “Company” or “Our Company” or “Resulting Company” or “Transferee Company” or “NFCL” or “We” or “us” and “our”.	Nagarjuna Fertilizers and Chemicals Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 which was <i>formerly known as Kakinada Fertilizers Limited</i> with CIN No. L24129AP2006PLC076238 (previously U24129AP2006PLC076238)
AGM	Annual General Meeting
Appointed Date	“Appointed Date” means the April 01, 2011.
Articles/Articles of Association	Articles of Association of Nagarjuna Fertilizers and Chemicals Limited
AS	Accounting Standards, as issued by the Institute of Chartered Accounts of India
Auditor	The Statutory Auditor of Nagarjuna Fertilizers and Chemicals Limited
Board of Directors/Board/Directors	The Board of Directors of Nagarjuna Fertilizers and Chemicals Limited
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CIN	Company Identification Number issued by the Ministry of Corporate Affairs
Companies Act/ the Act	The Companies Act, 1956 and Companies Act, 2013 as amended from time to time
DSE	Designated Stock Exchange, i.e., BSE
Depository	refers to NSDL and CDSL
Current Financial Year	April 1, 2015 to March 31, 2016
EGM	Extra-Ordinary General Meeting
EPS	Earnings per equity share
Effective Date	“Effective Date” means July 30, 2011 on which last of the orders of the Hon’ble High Court of Judicature of Bombay at Mumbai and Hon’ble High Court of Judicature of Andhra Pradesh at Hyderabad, was filed with the Registrar of Companies, Maharashtra and Andhra Pradesh.
Equity Shares	Equity shares of the Company of ` 1/- each unless otherwise specified in the context thereof
Erstwhile NFCL	Nagarjuna Fertilizers and Chemicals Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with CIN No.L24129AP1976PLC001983
FI	Financial Institutions
FIIs	Foreign Institutional Investors
FIPB	Foreign Investment Promotion Board
Financial year/fiscal/FY	The twelve months ended March 31 of a particular year unless otherwise stated
GOI	Government of India
iKisan Limited	iKisan Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with CIN No.U70102MH2007PLC169889
Information Memorandum / IM	This document filed with the Stock Exchanges is known as and referred to as the Information Memorandum
I.T. Act	The Income Tax Act, 1961, as amended from time to time.

<b>Term</b>	<b>Description</b>
Investor(s)	Shall mean the holder(s) of equity shares of the company as on the Record Date.
Indian GAAP	Generally Accepted Accounting Principles in India
Memorandum/Memorandum of Association	Memorandum of Association of the Company
NORL	Nagarjuna Oil Refinery Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with CIN No.U23200AP2010PLC071242
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Record Date	"Record Date" means September 1, 2011, the date fixed for entitlement of shares of the company.
RTA/ Registrar and Transfer Agent	Shall mean Nagarjuna Fertilizers and Chemicals Limited
RBI	Reserve Bank of India
Registered office of Company	Door No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082
ROC	Registrar of Companies, Maharashtra, Mumbai and Andhra Pradesh, Hyderabad
Scheme or Scheme of Arrangement or Composite Scheme of Arrangement	Composite Scheme of Arrangement and Amalgamation under section 391 to 394 of the Companies Act, 1956 between iKisan Limited and Kakinada Fertilizers Limited and Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and their respective shareholders & creditors, sanctioned by the High Court of Judicature of Bombay at Mumbai and the High Court of Judicature of Andhra Pradesh at Hyderabad
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Regulations/ ICDR, Regulations 2009	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by Securities and Exchange Board of India, as amended, including instructions and clarifications issued by Securities and Exchange Board of India from time to time
Shares	Equity shares of the Company
Stock Exchange(s)	BSE and NSE

## **CERTAIN CONVENTIONS AND USE OF FINANCIAL AND MARKET DATA**

Unless stated otherwise, the financial data and other data in this IM is derived from Erstwhile NFCL, iKisan Limited and Kakinada Fertilizers Limited. Our financial statements are prepared in accordance with Indian GAAP. Our current financial year commenced on April 1, 2015 and shall end on March 31, 2016. In this IM, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

For definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms” on page no. 2 of this IM.

All references to “India” contained in this IM are to the Republic of India. All references to “Rupees”, “`” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India, “\$” “US Dollar”, in “USD” “US\$” refers to legal currency of The United States of America and “€” or “Euro” refers to the Euro Zone.

Unless stated otherwise, industry information used throughout this IM has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry information used in this IM is reliable, it has not been independently verified and is subject to change. The information included in this IM about the various other companies is based on their respective annual reports and information made available by the respective companies.

## FORWARD-LOOKING STATEMENTS

In this IM, the terms “we”, “us”, or “our”, unless the context otherwise implies, refers to NFCL. The terms “Nagarjuna Fertilizers and Chemicals Limited” and the “Company”, unless the context otherwise implies, refer to “Nagarjuna Fertilizers and Chemicals Limited”.

We have included statements in this IM, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes based on availability of Natural Gas;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in laws and regulations in India;
- Changes in political conditions in India;
- Changes in the foreign exchange control regulations in India;

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” of this IM. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Industry” and “Business”.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. The investors shall carefully consider all of the information in this IM, in evaluating the Company and its business, including the risks and uncertainties described below, before making any investment decision. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and the investors may lose all or part of their investment.*

*Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:*

### INTERNAL TO THE COMPANY

#### **1. Outstanding Litigations/disputes/cases pending against and by the Company/ Promoter / Directors and Group companies :**

Sl. No.	Particulars	No. of cases	Amount ( ` in lacs)
<b>1</b>	<b>Against the Company</b>		
	Civil Cases	16	Cannot be quantified
	Criminal Cases	12	Cannot be quantified
	Income Tax related Cases	2	Cannot be quantified
	Land acquisition cases	3	Cannot be quantified
	Consumer Forum	11	Cannot be quantified
<b>2</b>	<b>By the Company</b>		
	Civil Cases	12	3000
	Criminal Cases	30	170
	Consumer Forum	1	Cannot be quantified
<b>3</b>	<b>Against Promoters/ Promoter Group/ Directors</b>		
	Civil Cases	1	Cannot be quantified
	Criminal Cases	1	Cannot be quantified
<b>4</b>	<b>By Promoters/ Promoter Group/ Directors</b>	Nil	Nil

Other than above, there are cases with regard to equity shares/shareholders of NFCL pending in consumer courts and other courts and a case relating to the subsidiary company. For details of all pending litigations please refer chapter "Outstanding Litigation and Defaults" beginning on Page 176 of this IM.

#### **2. Our manufacturing process may release un-treated effluents causing pollution.**

There may be instances wherein there might be an un-noticed un-intentional release of polluting effluents into the environment leading to revocation of our factory license and civil/ criminal action against us.

**Management perception:** We have strict environmental control policies in place. Our business is subject to stringent national and state level environmental laws and regulations, which govern the discharge, emission, storage handling and disposal of variety of substances that may be used in or result from operations. Environmental Laws and Regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in future. The Company in compliance with environmental regulations has received various awards, details of which can be seen on page 94.

**3. *Our business operations are regulated by the government and any change in policies may affect our profitability.***

The business of the Company is controlled by the government in relation to manufacture and sale of urea. The Company's business operations are dependent on changing government policies from time to time, which may impact our profitability.

The micro-irrigation (MI) business of the Company is dependent on the subsidy schemes offered by the various state governments and the realization of subsidy from them.

**4. *High susceptibility to availability of natural gas which may affect our profits adversely.***

The Company is highly dependent on the availability of natural gas for the manufacture of urea and any shortfall in supply may affect our business operations.

**5. *Usage of hazardous chemical substance and other risk in production process may lead to accidents.***

The Company operates high pressure equipment with various chemical reactions taking place releasing high energy. Several processes involve high pressure and / or explosive materials. Any mishandling of hazardous chemicals/ in the process could lead to fatal accident which may affect the business operations. In order to prevent any mishandling, several safety and precautionary measures are provided in the process.

**6. *Our promoter company has incurred losses in last two financial years.***

Our promoter company i.e. Amlika Mercantile Private Limited has incurred losses during the financial year ended March 31, 2015 and March 31, 2014. The net loss for FY 2014-15 was `113.52 lacs and for FY 2013-14 was `34.44 lacs.

**7. *The company's success depends upon its professionals who are its key managerial personnel and its ability to attract and retain these personnel.***

The success of any company depends upon its management team and key personnel and the Company's ability to attract and retain such persons. The resignation or loss of key management personnel may have an adverse impact on its business, future financial performance.

The Company's success to a large part depends on the abilities and continued services of its senior management, as well as other skilled personnel. The Company's senior management is particularly important to its business because of their experience and knowledge of the industry. The loss or non-availability to the Company of any of its senior management could have significant adverse affect.

The Company's human resource (HR) policy and compensation levels are in line with the industry levels to enable the Company to retain talent. Further, the management continuously reviews its talent pool for up gradation.

**EXTERNAL RISK FACTORS**

**8. *Environmental and safety regulations***

The industry is increasingly focusing on improving its commitment to the environment and responding to public concerns regarding the manufacture and use of chemicals. Several initiatives at the global, industry and organization level have been undertaken to reduce pollution. The Kyoto protocol is an illustration of the commitment of developed countries towards reduction in emissions world-wide. The company does follow most of the environment protection and safety norms at its production.

**9. Floods, earthquakes, terrorist attacks and other acts of violence or war/ destruction involving India and or other countries could adversely affect the country's business and economy, and consequently reflect on the Company's business. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately affect the Company's business, financial conditions and results of operations.**

The consequences of any of the above are unpredictable and the Company may not be able to foresee events that could have a material adverse effect on its business, financial condition and results of operations.

**10. Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects**

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current Central government, which came to power in May 2014, is headed by the Bhartiya Janata Party (BJP). Although the current government has announced policies and taken initiatives that support the economic liberalization policies, the rate of economic liberalization could change, and specific laws and policies affecting foreign investment and other matters affecting investment in our securities could change as well. Additionally, any change in these policies could have a significant impact on infrastructure development, business and economic conditions in India.

**11. Sensitivity to the economy and extraneous factors**

The Company's performance is highly correlated to the agricultural sector of the economy and the vagaries of monsoon. The sale of fertilizers other than urea is highly price sensitive.

**12. Any changes in regulations may materially affect the operations and growth prospects of the company.**

Any changes in regulations may materially affect the operations and growth prospects of the company. The activities of the company being a fertilizers business are primarily governed by Central Government, Ministry of Fertilizers, and the Micro Irrigation business is dependent on Government subsidy and funds allocation, The Companies Act, 2013, Securities Exchange Board of India, Securities Contracts Regulation Act and RBI, which makes policies, Rules & Regulations etc. applicable to such companies from time to time. However, the said Acts does not accept responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the Company.

**13. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.**

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Penalties for instances of non-compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Directors and key managerial employees being subject to such penalties and formal actions as prescribed under the Companies Act,

2013, should we not be able to comply with the provisions of the Companies Act, 2013 within the prescribed timelines, and this could also affect our reputation. To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavor to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations

***14. The proposed adoption of IndAS could result in our financial condition and results of operations appearing materially different.***

We are required to prepare annual and interim financial statements under IndASIFRS in accordance with the roadmap for the adoption of, and convergence announced by the Ministry of Corporate Affairs, GoI in February 2015. This may have a material effect on the amount of income recognized during that period and in the corresponding period in the comparative period. In addition, in our transition , we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

## SECTION III - INTRODUCTION

### SUMMARY OF BUSINESS

Nagarjuna group is a US \$ 3 billion asset-based group. "Nagarjuna" is recognized as one of the most successful integrated agricultural input brands in India. The company is ranked amongst the largest fertilizer companies in India (with market share of 10% in urea and a market share of 30% in specialty fertilizers), among the top 3 plant protection companies in India, amongst the top 2 in micro irrigation companies in India. The Company also offers a wide range of services in agricultural output procurement, trading, food processing, packaging and marketing.

The following are the major business activities of the Company:

- Plant nutrition
- Plant protection
- Micro irrigation
- Agri Informatics services
- Information Technology enabled services in agriculture
- Agri Education services

NFCL was originally incorporated in India on November 7, 2006 under the provisions of the Companies Act, 1956, in the name and style as Kakinada Fertilizers Limited. The CIN No. of the Company is U24129AP2006PLC076238 (now L24129AP2006PLC076238). The Company obtained Certificate of Commencement of Business on December 19, 2006.

#### **Scheme of Arrangement**

The Company entered into a Composite Scheme of Arrangement, comprising of 2 parts. Part I of the Scheme relates to demerger of oil business undertaking of Erstwhile NFCL into NORL. Part II of the Scheme relates to the merger of residual Erstwhile NFCL (i.e. post demerger of oil business undertaking) and iKisan Limited into NFCL.

Erstwhile NFCL had obtained a no-objection to the Scheme of Arrangement from BSE vide its letter dated February 22, 2011 and from NSE vide its letter dated February 15, 2011. Further, the Scheme was also approved by the shareholders of Erstwhile NFCL at their meeting held on April 15, 2011. Subsequent to the approvals from the relevant regulatory authorities, the Hon'ble High Court of Judicature of Bombay at Mumbai sanctioned the said Scheme on June 17, 2011 and the Hon'ble High Court of Andhra Pradesh at Hyderabad on June 27, 2011 respectively.

The certified copies of the order have been filed with the office of the ROC and the Composite Scheme of Arrangement was made effective on July 30, 2011 i.e. the Effective Date. The Appointed Date as per the Scheme is April 01, 2011.

In terms of the said Composite Scheme of Arrangement between the abovementioned companies and their respective shareholders and creditors, the name of Kakinada Fertilizers Limited has been changed to Nagarjuna Fertilizers and Chemicals Limited with effect from August 19, 2011

Moreover, as per the Scheme of Arrangement NFCL has issued and allotted equity shares to the shareholders of the Erstwhile NFCL and iKisan Limited whose name appears on the Register of Members of the Erstwhile NFCL and iKisan Limited as on the Record Date, in the following share exchange ratio:

*In case of iKisan Limited - 43 (forty three) Equity Shares of ` 1 each fully paid up of NFCL issued and allotted for every 10 (Ten) equity shares of ` 10 each fully paid up held in iKisan.*

*In case of Erstwhile NFCL - 11 (eleven) Equity Shares of ` 1 each fully paid up of NFCL issued and allotted for every 10 (Ten) equity shares of ` 10 each fully paid up held in Erstwhile NFCL.*

Further, as per the Scheme of Arrangement in relation to the demerger of oil business undertaking NORL has issued and allotted equity shares to the shareholders of the Erstwhile NFCL whose name appears on the Register of Members of the Erstwhile NFCL as on the Record Date, in the following share exchange ratio:

*In case of erstwhile NFCL - 1 (One) Equity Share of ` 1/- each fully paid up of NORL issued and allotted for every 1 (one) equity share of ` 10 each held in Erstwhile NFCL.*

Shareholders eligible to receive equity shares in NFCL and NORL shall be allotted equity shares in the multiples of one share and fractions arising out of such entitlement less than one share shall be consolidated and allotted to a Director or such other authorized representative as the Board of Directors of NFCL and NORL respectively, shall appoint in this behalf.

Such person shall hold the shares, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to NFCL / NORL, the net sale proceeds thereof, whereupon NFCL / NORL shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of NFCL / NORL, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

The equity shares issued by NFCL and NORL shall be listed on BSE and NSE.

In addition to the issue of equity shares by NFCL and NORL, the Scheme of Arrangement also provided for issue of preference shares of NFCL and NORL to the preference shareholders, being financial institutions/ banks, of Erstwhile NFCL. However, prior to the Record Date, Erstwhile NFCL has fully redeemed the preference shares. Thus, no preference shares are being issued.

#### **Status of Implementation of Scheme of Arrangement**

The equity shares of NORL have been listed on BSE and NSE since March 23, 2012 and traded since March 28, 2012.

In connection with NFCL, SEBI has granted relaxation to the company vide its letter dated February 04, 2016 addressed to BSE, from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions. The Company is proceeding with the completion of requirements to get the equity shares listed on BSE and NSE.

## SUMMARY OF FINANCIAL INFORMATION

1. Summary of Standalone Balance Sheet, Profit & Loss Account and Cash Flow statement for the last five financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 are as follows:

A. Summary of Standalone Balance Sheet for last five financial years

Rs. in Lakhs					
Particulars	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
(b) Reserves and Surplus	153,195.06	164,596.25	208,659.45	232,021.81	223,890.90
Sub total	159,175.71	170,576.90	214,640.10	238,002.46	229,871.55
<b>Share application money pending allotment</b>					
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	70,934.96	18,885.21	19,177.37	34,600.98	51,766.32
(b) Deferred Tax Liabilities (Net)	6,838.54	8,446.27	8,509.11	19,200.90	18,547.09
(c) Other Long Term Liabilities	7,384.47	5,279.30	14,506.12	4,098.84	3,842.12
(d) Long-Term Provisions	443.32	374.48	2,041.51	1,865.28	1,440.24
Sub total	85,601.29	32,985.26	44,234.11	59,766.00	75,595.77
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	93,437.41	100,259.24	121,453.71	251,219.25	153,508.61
(b) Trade Payables					
(A) Micro, Small, Medium Enterprises (MSMEs)	4.36	-	-	-	-
(B) Other than MSMEs	165,531.70	101,225.41	87,749.75	40,713.16	61,642.63
(c) Other Current Liabilities	16,788.54	24,082.46	20,803.50	33,850.77	28,079.23
(d) Short-Term Provisions	127.64	297.57	3,636.79	1,992.21	7,045.10
Sub total	275,889.65	225,864.68	233,643.75	327,775.39	250,275.57
<b>Total</b>	<b>520,666.65</b>	<b>429,426.84</b>	<b>492,517.96</b>	<b>625,543.85</b>	<b>555,742.89</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	275,744.41	283,236.11	298,735.13	306,667.18	316,317.17
(ii) Intangible Assets	2,457.00	2,948.40	3,439.80	3,931.20	4,422.60
(iii) Capital work-in-progress	708.61	307.47	3,012.49	632.15	86.65
(b) Non-Current Investments	1,803.29	2,615.53	5,293.67	5,311.17	5,311.17
(c) Long-Term Loans and Advances	2,616.96	1,808.32	1,924.35	2,217.07	1,060.37
(d) Other Non-Current Assets	-	28.47	35.74	445.72	183.00
Sub total	283,330.27	290,944.30	312,441.18	319,204.49	327,380.96
<b>Current Assets</b>					
(a) Inventories	22,815.72	16,480.42	25,120.84	24,331.00	22,749.63
(b) Trade Receivables	198,999.44	107,036.97	132,952.92	243,900.97	173,585.86
(c) Cash and Bank balances	9,436.25	7,779.36	9,300.71	32,521.17	28,020.16

(d) Short-Term Loans and Advances	5,573.17	6,934.81	12,337.34	4,548.09	3,583.28
(e) Other Current Assets	511.80	250.98	364.97	1,038.13	423.00
Sub total	237,336.38	138,482.54	180,076.78	306,339.36	228,361.93
<b>Total</b>	<b>520,666.65</b>	<b>429,426.84</b>	<b>492,517.96</b>	<b>625,543.85</b>	<b>555,742.89</b>

**B. Summary of Standalone Profit & Loss statement or last five financial years**

**Rs. in Lakhs**

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Income</b>					
Revenue from operations					
Sale of products (including Subsidy)	365,661.86	252,675.49	344,451.88	547,762.39	498,830.78
Sale of Services	1,027.56	805.83	999.70	1,466.91	1,065.51
Other Operating Revenues	212.63	264.76	249.25	109.18	217.59
	366,902.05	253,746.08	345,700.83	549,338.48	500,113.88
Less: Excise Duty	725.42	593.80	857.70	876.81	885.89
	366,176.63	253,152.28	344,843.13	548,461.67	499,227.99
Other Income	2,849.39	4,099.43	3,228.96	3,225.34	2,943.21
<b>Total</b>	<b>369,026.02</b>	<b>257,251.71</b>	<b>348,072.09</b>	<b>551,687.01</b>	<b>502,171.20</b>
<b>Expenses</b>					
Cost of materials consumed	115,434.30	59,862.55	71,379.86	74,745.93	63,822.35
Purchase of Traded Products	87,364.19	106,685.24	144,382.62	308,514.82	305,717.81
(Increase) / Decrease in Stock	(6,008.03)	(5,038.02)	1,339.85	(857.17)	(15,634.06)
Power and Fuel	86,400.40	39,745.60	47,953.39	45,003.82	39,726.85
Employee Benefits Expense	14,735.61	13,773.03	13,688.62	13,155.00	13,475.17
Finance cost	32,941.25	23,645.80	28,174.45	26,422.90	15,304.93
Depreciation and amortization	9,265.57	9,343.89	12,614.70	12,310.89	11,701.34
Other Expenses	41,089.58	32,337.59	40,948.55	56,168.05	44,989.01
<b>Total</b>	<b>381,222.87</b>	<b>280,355.68</b>	<b>360,482.04</b>	<b>535,464.24</b>	<b>479,103.40</b>
<b>Profit/(Loss) before exceptional and extra ordinary items and tax</b>	<b>(12,196.85)</b>	<b>(23,103.97)</b>	<b>(12,409.95)</b>	<b>16,222.77</b>	<b>23,067.80</b>
Exceptional Items	-	4,344.36	20,561.40	-	-
<b>Profit /(Loss) before extraordinary items and tax</b>	<b>(12,196.85)</b>	<b>(27,448.33)</b>	<b>(32,971.35)</b>	<b>16,222.77</b>	<b>23,067.80</b>
Extraordinary Items	812.24	8,715.07	-	-	-
<b>Loss before Tax</b>	<b>(13,009.09)</b>	<b>(36,163.40)</b>	<b>(32,971.35)</b>	<b>16,222.77</b>	<b>23,067.80</b>
<b>Tax Expense</b>					
(a) Current Tax	-	-	-	7,463.10	7,943.96
(b) Adjustments relating to earlier years	-	-	1,631.39	-	132.76
(c) Deferred Tax Debit / (Credit)	(1,607.73)	499.20	(10,691.79)	653.80	1,395.53
<b>Loss after tax</b>	<b>(11,401.36)</b>	<b>(36,662.60)</b>	<b>(23,910.95)</b>	<b>8,105.87</b>	<b>13,595.55</b>
<b>Earnings per equity share of face value of ` 1/- each</b>					
Basic and Diluted	(1.91)	(6.13)	(4.00)	1.36	2.27

C. Summary of Standalone Cash Flow Statement for last five financial years

Rs. in Lakhs

	2015-16	2014-15	2013-14	2012-13	2011-12
<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Net Profit before Tax</b>	<b>(13,009.09)</b>	<b>(36,163.40)</b>	<b>(32,971.35)</b>	<b>16,222.77</b>	<b>23,067.80</b>
Adjustments:					
Depreciation/Amortisation	9,265.57	9,343.89	12,614.70	12,310.89	11,701.34
Provision for Impairment	-	3,184.62	-	-	-
Provision for Doubtful Debts / Advances	149.49	3,694.90	-	-	-
Finance Cost	32,941.25	23,645.80	28,174.45	26,422.90	15,304.93
Dividend from Mutual Funds	-	-	-	-	(102.85)
Exchange fluctuations	-	300.47	-	-	-
Provision for Diminution in value of Investments	812.24	2,678.14	17.50	-	-
(Profit) /Loss on sale of assets / assets discarded/assets decapitalised	177.08	1,684.09	471.15	(1.62)	58.90
<b>Operating Profit before working capital changes</b>	<b>30,336.54</b>	<b>8,368.51</b>	<b>8,306.45</b>	<b>54,954.94</b>	<b>50,030.12</b>
Movements in working capital:					
Increase/(decrease) in trade payables	58,492.97	2,840.61	85,078.86	41,379.33	50,183.08
Increase/(decrease) in Buyers/Suppliers credit	-	-	(167,259.22)	44,880.97	80,880.42
Increase/(decrease) in long term provisions	68.84	(1,667.03)	176.23	425.04	69.52
Increase/(decrease) in short term provisions	(169.93)	273.27	61.12	(530.26)	596.01
Increase/(decrease) in other current liabilities	(861.74)	1,288.95	(497.75)	162.91	1,927.51
Increase/(decrease) in other long term liabilities	2,105.17	130.76	549.70	256.72	1,819.99
Decrease/(increase) in trade receivables	(92,111.96)	25,435.47	110,948.05	(70,315.11)	(118,776.88)
Decrease/(increase) in inventories	(6,335.30)	8,640.42	(789.84)	(1,586.56)	(15,836.18)
Decrease/(increase) in long term loans and advances	(338.77)	(496.09)	(190.61)	(55.92)	(182.77)
Decrease/(increase) in short term loans and advances	1,487.17	2,188.10	(7,658.00)	(1,096.29)	(601.06)
Decrease/(increase) in other current assets	(260.82)	113.99	673.16	(609.94)	(276.59)
Decrease/(increase) in other non current assets	-	-	-	(262.72)	(3.26)
<b>Cash generated from/(used in) operations</b>	<b>(7,587.83)</b>	<b>47,116.96</b>	<b>29,398.15</b>	<b>67,603.11</b>	<b>49,829.91</b>
Direct Taxes Paid (net of refunds)	(125.36)	(3,612.49)	(47.93)	(5,034.87)	(8,663.60)

<b>Net cash flow from/(used in) operating activities</b>	<b>(7,713.19)</b>	<b>43,504.47</b>	<b>29,350.22</b>	<b>62,568.24</b>	<b>41,166.31</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets and CWIP	(2,337.88)	(2,252.88)	(6,581.06)	(3,646.44)	(5,871.34)
Amalgamation Expenses	-	-	-	-	(500.16)
Margin Money Deposits	(1,269.77)	(1,643.85)	12,578.30	(4,521.84)	(7,068.65)
Proceeds from Sale of fixed assets	7.32	21.73	21.65	3.71	12.12
Proceeds from Sale of Current Investments	-	-	-	-	9,213.24
Dividend received from Mutual Funds	-	-	-	-	102.85
<b>Net cash flow from/(used in) investing activities</b>	<b>(3,600.33)</b>	<b>(3,875.00)</b>	<b>6,018.89</b>	<b>(8,164.57)</b>	<b>(4,111.94)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from Sales Tax Deferral	-	-	-	-	1,343.49
Proceeds from Short term borrowings	-	-	-	-	12,494.03
Proceeds from long term borrowings	61,249.47	5,000.00	1,375.38	24.00	4,875.57
Redemption of Preference share capital	-	-	-	-	(1,860.19)
Repayment of short term borrowings	-	-	-	(9,494.03)	(8,700.00)
Increase/(decrease) in Buyers/Suppliers credit	(1,004.14)	(11,195.95)	-	-	-
Repayment of long term borrowings	(15,282.46)	(13,990.00)	(17,070.10)	(16,549.83)	(17,226.85)
Finance Cost paid	(33,288.67)	(22,612.90)	(30,720.82)	(21,739.48)	(14,465.98)
Dividend Paid	(2.03)	(3.09)	(5.71)	(5,694.95)	(4,041.84)
Dividend Tax Paid	-	-	-	(970.21)	(694.65)
<b>Net cash flow from/(used in) financing activities</b>	<b>11,672.17</b>	<b>(42,801.94)</b>	<b>(46,421.25)</b>	<b>(54,424.50)</b>	<b>(28,276.42)</b>
<b>Net Increase/(decrease) in cash and Cash equivalents</b>	<b>358.65</b>	<b>(3,172.47)</b>	<b>(11,052.14)</b>	<b>(20.83)</b>	<b>8,777.95</b>
<b>Cash and cash equivalents as at beginning of the year</b>	<b>3,282.65</b>	<b>6,455.12</b>	<b>17,507.26</b>	<b>17,528.09</b>	<b>8,750.14</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>3,641.30</b>	<b>3,282.65</b>	<b>6,455.12</b>	<b>17,507.26</b>	<b>17,528.09</b>

2. Summary of Consolidated Balance Sheet, Profit & Loss Account and Cash Flow statement for the last five financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 are as follows:

A. Summary of Consolidated Balance Sheet for last five financial years

Rs. in Lakhs					
Particulars	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
(b) Reserves and Surplus	153,190.01	164,182.17	210,316.15	232,565.18	224,547.11
	159,170.66	170,162.82	216,296.80	238,545.83	230,527.76
<b>Minority Interest</b>	2.83	2.84	2.84	2.84	
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	70,934.96	18,885.21	19,177.37	34,600.98	51,766.32
(b) Deferred Tax Liabilities (Net)	6,838.54	8,446.27	8,509.11	19,200.90	18,547.09
(c) Other Long Term Liabilities	7,384.47	5,279.30	14,506.12	4,098.84	3,842.12
(d) Long-Term Provisions	443.32	374.48	2,041.51	1,865.28	1,440.24
	85,601.29	32,985.26	44,234.11	59,766.00	75,595.77
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	93,437.41	100,259.24	121,453.71	251,219.25	153,508.61
(b) Trade Payables					
(A) Micro, Small, Medium Enterprises (MSMEs)	4.36				
(B) Other than MSMEs	165,553.99	101,249.65	87,754.39	40,714.28	61,685.06
(c) Other Current Liabilities	16,823.58	24,117.94	20,839.15	33,886.53	28,079.23
(d) Short-Term Provisions	127.64	297.57	3,633.41	1,988.58	7,045.10
	275,946.98	225,924.40	233,680.66	327,808.64	250,318.00
<b>Total</b>	<b>520,721.76</b>	<b>429,075.32</b>	<b>494,214.41</b>	<b>626,123.31</b>	<b>556,441.53</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	275,773.2	283,264.9	298,763.	306,696.	316,317.
(i) Tangible Assets	4	4	96	01	17
(ii) Intangible Assets	2,500.93	3,348.72	3,439.80	3,931.20	4,422.60
(iii) Capital work-in- progress	708.61	307.47	3,012.49	632.15	86.65
(b) Non-Current Investments	-	-	-	17.50	2,277.46
(c) Long-term Loans and Advances	4,402.24	3,599.56	3,709.37	4,005.82	1,060.37
(d) Other Non-Current Assets		28.47	35.74	445.72	183.00
	283,385.02	290,549.16	308,961.36	315,728.40	324,347.25
<b>Current Assets</b>					
(a) Inventories	22,815.72	16,480.42	25,120.84	24,331.00	22,749.63
(b) Trade Receivables	198,999.44	107,036.97	132,952.92	243,900.97	173,585.86
(c) Cash and Bank balances	9,457.39	7,809.68	9,344.41	32,556.78	28,038.04
(d) Short-Term Loans and Advances	5,551.50	6,947.21	17,469.09	8,567.23	7,297.75

(e) Other Current Assets	512.69	251.88	365.79	1,038.93	423.00
	237,336.74	138,526.16	185,253.05	310,394.91	232,094.28
<b>Total</b>	<b>520,721.76</b>	<b>429,075.32</b>	<b>494,214.41</b>	<b>626,123.31</b>	<b>556,441.53</b>

**B. Summary of Consolidated Profit & Loss statement or last five financial years**

Rs. in Lakhs					
Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Income</b>					
Revenue from Operations					
Sale of Products (including Subsidy)	365,661.86	252,675.49	344,451.88	547,762.39	498,830.78
Sale of Services	1,027.56	805.83	999.70	1,466.91	1,065.51
Other Operating Revenues	212.63	264.76	249.25	109.18	217.59
	366,902.05	253,746.08	345,700.83	549,338.48	500,113.88
Less: Excise Duty	725.42	593.80	857.70	876.81	885.89
	366,176.63	253,152.28	344,843.13	548,461.67	499,227.99
Other Income	2,850.38	4,102.30	3,607.28	3,522.17	3,152.14
<b>Total</b>	<b>369,027.01</b>	<b>257,254.58</b>	<b>348,450.41</b>	<b>551,983.84</b>	<b>502,380.13</b>
<b>Expenses</b>					
Cost of Materials Consumed	115,434.30	59,862.55	71,379.86	74,745.93	63,822.35
Purchase of Traded Products	87,364.19	106,685.24	144,382.62	308,514.82	305,717.81
(Increase) / Decrease in Stock	(6,008.03)	(5,038.02)	1,339.85	(857.17)	(15,634.06)
Power and Fuel	86,400.40	39,745.60	47,953.39	45,003.82	39,726.85
Employee Benefits Expense	14,743.49	13,776.10	13,691.22	13,157.60	13,475.17
Finance Cost	32,942.03	23,649.34	28,174.61	26,423.50	15,305.51
Depreciation and Amortization	9,298.73	9,350.50	12,614.70	12,310.89	11,701.34
Other expenses	41,517.42	32,348.05	40,958.24	56,174.71	44,994.41
<b>Total</b>	<b>381,692.53</b>	<b>280,379.36</b>	<b>360,494.49</b>	<b>535,474.10</b>	<b>479,109.38</b>
<b>Profit / (Loss) before exceptional and extra ordinary items and tax</b>	<b>(12,665.52)</b>	<b>(23,124.78)</b>	<b>(12,044.08)</b>	<b>16,509.74</b>	<b>23,270.75</b>
Exceptional Items	-	12,392.17	20,561.40		
<b>Profit / (Loss) before extraordinary items and tax</b>	<b>(12,665.52)</b>	<b>(35,516.95)</b>	<b>(32,605.48)</b>	<b>16,509.74</b>	<b>23,270.75</b>
Extraordinary Items	-	3,184.62			
<b>Profit / (Loss) before tax</b>	<b>(12,665.52)</b>	<b>(38,701.57)</b>	<b>(32,605.48)</b>	<b>16,509.74</b>	<b>23,270.75</b>
<b>Tax Expense</b>					
(a) Current Tax	0.15	-	11.02	7,471.72	7,950.04
(b) Adjustments relating to earlier years		-	1,631.39	-	132.76
(c) Deferred Tax	(1,607.73)	499.20	(10,691.79)	653.80	1,395.53
<b>Profit / (Loss) after tax before Minority Interest</b>	<b>(11,057.94)</b>	<b>(39,200.77)</b>	<b>(23,556.10)</b>	<b>8,384.22</b>	<b>13,792.42</b>
Share of Loss transferred to Minority Interest	0.01	-	-	-	
Share of Loss from Associate Company	-	-	-	<b>(3.79)</b>	

<b>Profit / (Loss) for the year</b>	<b>(11,057.93)</b>	<b>(39,200.77)</b>	<b>(23,556.10)</b>	<b>8,380.43</b>	<b>13,792.42</b>
<b>Earnings per equity share of face value of `1/- each</b>					
Basic and Diluted	(1.85)	(6.55)	(3.94)	1.40	2.31

**C. Summary of Consolidated Cash Flow Statement for last five financial years**

Rs in Lakhs

	2015-16	2014-15	2013-14	2012-13	2011-12
<b>A. Cash Flow from Operating Activities</b>					
Net Profit before Tax	(12,665.52)	(38,701.57)	(32,605.48)	16,509.74	23,270.75
Adjustments:					
Depreciation/Amortisation	9,298.73	9,350.50	12,614.70	12,310.89	11,701.34
Provision for Impairment	-	3,184.62			
Provision for Doubtful Debts / Advances	149.49	846.38			
Finance Cost	32,942.03	23,649.34	28,174.61	26,423.50	15,305.51
Provision for Diminution in value of Investments		-	17.50		
Exchange Fluctuations		300.47			
Dividend from Mutual Funds				-	(102.85)
(Profit) /Loss on sale of assets / assets discarded/assets decapitalised	567.35	1,684.09	471.15	(1.62)	58.90
<b>Operating Profit before working capital changes</b>	<b>30,292.08</b>	<b>313.83</b>	<b>8,672.48</b>	<b>55,242.51</b>	<b>50,233.65</b>
<b>Movements in working capital:</b>					
Increase/(decrease) in trade payables	58,491.18	2,860.20	85,082.26	41,377.98	50,224.48
Increase / (decrease) in buyers / suppliers credit			(167,259.22)	44,880.97	80,880.42
Increase/(decrease) in long term provisions	68.84	(1,667.03)	176.23	425.04	69.52
Increase/(decrease) in short term provisions	(169.93)	273.27	61.12	(530.26)	596.00
Increase/(decrease) in other current liabilities	(862.18)	1,288.79	(497.75)	162.43	1,927.51
Increase/(decrease) in other long term liabilities	2,105.17	130.76	549.70	256.72	1,819.99
Decrease/(increase) in trade receivables	(92,111.96)	25,435.47	110,948.05	(70,315.11)	(118,776.88)
Decrease/(increase) in inventories	(6,335.30)	8,640.42	(789.84)	(1,586.56)	(15,836.18)
Decrease/(increase) in long term loans and advances	(338.74)	(496.12)	(187.00)	(56.03)	(182.77)
Decrease/(increase) in short term loans and advances	1,515.14	10,159.76	(8,770.61)	(1,439.14)	(1,083.31)
Decrease/(increase) in other current assets	(260.81)	113.91	673.14	(609.66)	(276.59)
Decrease / (increase) in other non current assets				(262.72)	(3.26)
Cash generated from/(used in) operations	<b>(7,606.51)</b>	<b>47,053.26</b>	<b>28,658.56</b>	<b>67,546.17</b>	<b>49,592.58</b>
Direct Taxes Paid (net of refunds)	(113.64)	(3,615.30)	(58.57)	(5,042.95)	(8,669.03)
<b>Net cash flow from operating activities</b>	<b>(7,720.15)</b>	<b>43,437.96</b>	<b>28,599.99</b>	<b>62,503.22</b>	<b>40,923.55</b>
<b>B. Cash Flow from Investing activities</b>					
Purchase of fixed assets and CWIP	(2,386.69)	(2,223.99)	(6,581.06)	(3,646.44)	(5,871.34)
Amalgamation Expenses				-	(500.16)
Margin Money Deposits	(1,269.77)	(1,643.85)	12,578.30	(4,521.84)	(7,068.65)
Fixed Deposits	(1.28)	(1.14)	(1.11)	4.96	
Proceeds from Sale of fixed assets	(10.92)	21.73	21.65	3.71	12.12
Proceeds from Sale of Current Investments				-	9,213.24
Dividend received from Mutual Funds				-	102.85
Foreign Currency Translation Reserve	65.60	27.78	758.47	62.69	260.53
<b>Net cash flow from / (used) in investing activities</b>	<b>(3,603.06)</b>	<b>(3,819.47)</b>	<b>6,776.25</b>	<b>(8,096.92)</b>	<b>(3,851.41)</b>
<b>C. Cash flow from Financing activities</b>					
Proceeds from Sales Tax Deferral				-	1,343.49
Proceeds from Short Term Borrowings				-	12,494.03
Proceeds from long term borrowings	61,249.47	5,000.00	1,375.38	24.00	2,660.00
Increase/(decrease) in Buyers/Suppliers credit	(1,004.14)	(11,195.95)			
Redemption of Preference Share Capital				-	(1,860.19)
Repayment of Short Term Borrowings				(9,494.03)	(8,700.00)
Repayment of long term borrowings	(15,203.46)	(13,990.00)	(17,070.10)	(16,549.83)	(15,011.28)
Finance Costs paid	(33,368.44)	(22,616.44)	(30,720.98)	(21,740.08)	(14,465.98)

Dividend Paid	(2.03)	(3.09)	(5.71)	(5,694.95)	(4,042.42)
Dividend Tax paid			-	(970.21)	(694.65)
<b>Net cash flow used in financing activities</b>	<b>11,671.40</b>	<b>(42,805.48)</b>	<b>(46,421.41)</b>	<b>(54,425.10)</b>	<b>(28,277.00)</b>
<b>Net Increase/(decrease) in cash and Cash equivalents</b>	<b>348.19</b>	<b>(3,186.99)</b>	<b>(11,045.17)</b>	<b>(18.80)</b>	<b>8,795.14</b>
Cash and cash equivalents as at beginning of the year	3,297.75	6,484.74	17,529.91	17,545.97	8,750.83
Add: on account of Consolidation			-	2.74	
Cash and cash equivalents as at end of the year	<b>3,645.94</b>	<b>3,297.75</b>	<b>6,484.74</b>	<b>17,529.91</b>	<b>17,545.97</b>

## GENERAL INFORMATION

NFCL was incorporated in India on November 7, 2006 under the provisions of the Companies Act, 1956, in the name and style as Kakinada Fertilizers Limited. The CIN No. of the Company is L24129AP2006PLC076238 (previously U24129AP2006PLC076238). The Company obtained Certificate of Commencement of Business on December 19, 2006.

Pursuant to a Composite Scheme of Arrangement, the business of Erstwhile NFCL (other than oil business undertaking) and iKisan Limited were merged into the Company.

**Address of Registered Office of Company:**

Door No.8-2-248, Nagarjuna Hills, Punjagutta,  
Hyderabad - 500 082

Telephone: +91- 40 – 23357200/7204

**Fax:** +91-40-23350247

**Website:** [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)

The corporate office of the Company is located at Door No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad-500082.

The registered office was originally situated at 10-4-771/5/1/A, Sriram Nagar Colony, Masab Tank, Hyderabad-Andhra Pradesh-500 028. Subsequently, the registered office of the Company was shifted to A/612, Dalamal Towers, 211, Nariman Point, Mumbai- 400 021 and thereafter shifted to Door No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082 with effect from August 12, 2011.

For further details on changes in registered office address, please see History and Other Corporate Matters on page 91 of this IM.

**Registrar of Companies**

Registrar of Companies  
Andhra Pradesh & Telengana  
2nd Floor, Corporate Bhawan,  
GSI Post, Tattiannaram Nagole, Bandlaguda  
Hyderabad - 500 068

## BOARD OF DIRECTORS

Sl. No.	Name	Status	Director Identification Number
1	Mr. K S Raju	Chairman	00008177
2	Mr. K Rahul Raju	Managing Director	00015990
3	Dr. N C B Nath	Independent Director	00026509
4	Mr. S R Ramakrishnan	Independent Director	00015839
5	Ms. Lalitha Raghuram	Independent Director	07161344
6	Mr. Datla Ranga Raju	Independent Director	00066546
7	Mr. Arjun Kumar Arora	Independent Director	03352668
8	Mr. Anil Kumar PR	Nominee Director	06802394
9	Mr. Chandra Pal Singh Yadav	Nominee Director	00023382
10	Mr. O Ramesh Babu	Nominee Director	05149448
11	Mr. Shailendra Govind Nadkarni	Nominee Director	03401830
12	Mr. M P Radhakrishnan	Nominee Director	00129222

For further details of the board of directors of the company, please see the section titled “Management” on page 99

### Contact Person from Company

Mr. M. Ramakanth,  
Senior Vice President- Legal & Company Secretary  
Nagarjuna Hills, Punjagutta, Hyderabad-500082  
Tel : +91-40-2335 5317, 2335 8532, 2335 0247  
Fax : +91-40-23350247

Investors are requested to contact the above-mentioned Compliance officer or Registrar in case of any clarification such as non-receipt of letters of allotment/ share certificates/ credit of securities in depository beneficiary account/ refund orders, etc.

### Registrar and Share Transfer Agent (In House)

#### Nagarjuna Fertilizers and Chemicals Limited

Plot No.1, Nagarjuna Hills, Punjagutta,  
Hyderabad Local – 500 082

Tel: +91-40- 23358405-408

Fax: +91-40- 23350714

Website: [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)

E-mail: [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)

SEBI Registration No.: INR 200004114

Contact Person: Mr. K Suri Babu

### **Auditor of the Company**

#### **M/s M Bhaskara Rao & Co.,**

Chartered Accountants  
5-D, 5<sup>th</sup> Floor, "Kautilya",  
6-3-652. Somajiguda,  
Hyderabad 500 082.

**Telephone no:** +91 – 40- 2331 1245/ 2339 3900

**Fax no:** + 91 – 40 -23399248

### **Bankers to the Company**

State Bank of India; State Bank of Hyderabad; State Bank of Travancore; State Bank of Bikaner and Jaipur; State Bank of Patiala Indian Overseas Bank; Punjab National Bank;	IDBI Bank Limited ICICI Bank Limited UCO Bank Bank of India
---	--

### **Authority for Listing**

The Hon'ble High Court of Judicature of Bombay at Mumbai and the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad, vide their orders dated June 17, 2011 and June 27, 2011 respectively approved the Composite Scheme of Arrangement.

In accordance with the Scheme, the Equity Shares of the Company to be issued pursuant to the Scheme shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

### **Eligibility Criteria**

There being no initial public offering or rights issue, the eligibility criteria in terms of Clause 26 and clause 27 of SEBI (ICDR) Regulations, 2009 do not become applicable. However, SEBI has vide its letter no. CFD/DIL/NR/PM/3052/2016 dated February 4, 2016 relaxed the applicability of provisions of Regulation 19(2)(b) of the Securities Contract (Regulation) Rules, 1957.

The Company has submitted its IM, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said IM available to public through their websites viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The Company has made the said IM available on its website viz. [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com). The Company will publish an advertisement in the news papers containing its details in line with the details required as in terms of the in-principle approval letter dated December 14, 2011 and January 13, 2012 issued by BSE and NSE respectively. The advertisement will draw specific reference to the availability of this IM on its website.

**Prohibition by SEBI**

The Company, its directors, its Promoters, other Companies promoted by the Promoters of the Company and companies with which its directors are associated as “Directors” have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

**General Disclaimer of the Company**

The Company accepts no responsibility for statement made otherwise than in the IM or in the advertisements to be published in terms of Clause 5 of part A of SEBI Circular No. SEBI/CFD/SCRR/01/2009/03/09 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

**Disclaimer Clause of BSE**

For details of the same, please see the clause on page 194 of this IM.

**Disclaimer Clause of NSE**

For details of the same, please see the clause on page 194 of this IM.

**Filing**

This IM is being filed with BSE and NSE.

**Listing**

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the DSE for the aforesaid listing of the shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

The Company received approval from BSE dated December 18, 2011 and in-principle approval from NSE dated January 13, 2012 approving the application for listing of the shares of the company

**Demat Credit**

The Company has executed Tripartite Agreements with the Registrar and the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and has been allotted ISIN INE454M01024.

## CAPITAL STRUCTURE

The share capital of the Company as on the date of filing of this IM is as set forth below:

Authorized Capital	Aggregate Nominal Value (` in lacs)
621,00,00,000 Equity Shares of ` 1/- each	62,100.00
180,00,00,000 Preference Shares of Re. 1/- each	18,000.00
<b>Total</b>	<b>80,100.00</b>
Issued, Subscribed and Paid-up Capital	
59,80,65,003 Equity Shares of ` 1/- each	5,980.65
<b>Total</b>	<b>5,980.65</b>

### Notes to Capital Structure:

#### 1. Changes in the Authorized Capital of the Company:

Sr. No.	Details of increase in Authorized share capital	Date of Resolution
1	Incorporation ` 100.00 lacs divided into 10,00,000 equity shares of `10/- each	On incorporation
2	Pursuant to the Composite Scheme of Arrangement there has been a re-organization in the capital of the company.	Effective Date, July 30, 2011
	621,00,00,000 Equity Shares of ` 1/- each aggregating to ` 62,100.00 lacs	
	2,00,00,000 Preference Shares of ` 90/- each ` 18,000.00 lacs	
3	Authorised Preference Share Capital of the Company amounting to ` 180,00,00,000 sub-divided from 2,00,00,000 Preference Shares of ` 90/- each to 180,00,00,000 Preference Shares of Re. 1/- each	November 29, 2013

**2. Details of increase/decrease in the paid-up Equity Share capital are as follows:-**

<b>Date</b>	<b>No. of Shares</b>	<b>Face Value (₹)</b>	<b>Issue Price (₹)</b>	<b>Cumulative No. of shares</b>	<b>Nature of allotment</b>
November 07, 2006	50,000	10/-	10/-	50,000	Subscription to memorandum
October 1, 2011	59,80,65,003	1/-	1/-	59,80,65,003  5,00,000 *	Issued pursuant to the Scheme of Arrangement  Equity Shares of ₹1/- each being cancelled pursuant to the Scheme

\* Cancelled on October 1, 2011

**3. Promoters' Contribution and Lock-in**

The present issue is not an offer to the shareholders and hence the provisions of promoters' contribution and lock-in are not applicable.

4. Pre- Scheme of Arrangement Shareholding pattern of the company i.e NFCL (formerly known as Kakinada Fertilizers Limited):

Sl. No.	Description	Shareholding	
		Equity shares	%
<b>A</b>	<b>Promoters</b>		
1	Indian Promoters		
	Promoters/ Directors and their relatives Persons acting in concert	<b>50,000</b>	<b>100.00</b>
2	Foreign Promoters	Nil	Nil
	<b>Sub –total (A)</b>	<b>Nil</b>	<b>Nil</b>
<b>B</b>	<b>Banks/ Mutual Funds/ financial institutions/ government holdings</b>	Nil	Nil
1	Mutual funds and UTI	Nil	Nil
2	Banks, financial institutions, insurance companies (Central/ State Govt. institutions/ Non- Govt institutions)	Nil	Nil
	<b>Sub total (B)</b>	<b>Nil</b>	<b>Nil</b>
<b>C</b>	<b>Foreign and non-resident holding</b>	Nil	Nil
1	Flls	Nil	Nil
2	Foreign Bank, (if any)	Nil	Nil
3	Other non-resident holdings	Nil	Nil
	<b>Sub-total ( C)</b>	<b>Nil</b>	<b>Nil</b>
<b>D</b>	<b>Others</b>	Nil	Nil
1	Private Corporate Bodies	Nil	Nil
2	Indian Public	Nil	Nil
	<b>Sub-total (D)</b>	<b>Nil</b>	<b>Nil</b>
	<b>Grand Total (A+B+C+D)</b>	<b>50,000</b>	<b>100.00</b>

Note : The Company had not issued any preference shares prior to the Scheme of Arrangement.

**5. Post Scheme of Arrangement shareholding pattern of the Company as on December 31, 2012:**

Pursuant to the allotment made to the shareholders of Erstwhile NFCL and iKisan Limited, the post Scheme of Arrangement shareholding pattern of the Company is as mentioned below:

Name of the Company : <b>Nagarjuna Fertilizers and Chemicals Limited</b>			
Scrip Code , Name of the scrip : <b>NSE : Not Listed</b> <b>BSE : Not Listed</b>			
Class of Security : <b>Equity</b>			
Quarter ended : <b>December 2012</b>			
<b>Partly paid-up shares :-</b>	<b>No. of partly paid-up shares</b>	<b>As a % of total no. of partly paid-up shares</b>	<b>As a % of total no. of shares of the company</b>
Held by promoter/promoter group	-Nil-		
Held by public	-Nil-		
<b>Total</b>	-Nil-		
<b>Outstanding convertible securities :-</b>	<b>No. of outstanding Securities and Exchange Board of India</b>	<b>As a % of total no. of outstanding convertible securities</b>	<b>As a % of total no. of shares of the company, assuming full conversion of the convertible securities</b>
Held by promoter/promoter group	-Nil-		
Held by public	-Nil-		
<b>Total</b>	-Nil-		
<b>Warrants : -</b>	<b>No. of warrants</b>	<b>As a % of total no. of warrants</b>	<b>As a % of total no. of shares of the company, assuming full conversion of warrants</b>
Held by promoter/promoter group	-Nil-		
Held by public	-Nil-		
<b>Total</b>	-Nil-		
<b>Total paid-up capital of the company, assuming full conversion of warrants and convertible securities</b>	<b>59,80,65,003</b>	<b>59,80,65,003</b>	<b>59,80,65,003</b>

**“(I)(a) Statement showing Shareholding Pattern**

Category code	Category of shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)1 (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII)/(IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(A)</b>	<b>Promoter and Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	2	3,24,27,989	3,24,27,989	5.42%	5.42%	-	-
(c)	Bodies Corporate	5	26,16,05,271	26,16,05,271	43.74%	43.74%	13,29,70,581	50.83%
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>7</b>	<b>29,40,33,260</b>	<b>29,40,33,260</b>	<b>49.16%</b>	<b>49.16%</b>		
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	1	44,00,000	44,00,000	0.74%	0.74%	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	NRI based Company	1	88,00,000	-	1.47%	1.47%	-	-
	<b>Sub-Total (A)(2)</b>	<b>2</b>	<b>1,32,00,000</b>	<b>44,00,000</b>	<b>2.21%</b>	<b>2.21%</b>	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>9</b>	<b>30,72,33,260</b>	<b>29,84,33,260</b>	<b>51.37%</b>	<b>51.37%</b>	<b>13,29,70,581</b>	<b>43.28%</b>
<b>(B)</b>	<b>Public shareholding</b>							
<b>(1)</b>	<b>Institutions</b>						NA	NA
(a)	Mutual Funds/ UTI	42	11,73,425	7,18,300	0.20%	0.20%		

(b)	Financial Institutions/ Banks	29	67,647	5,634	0.01%	0.01%		
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	7	88,65,762	88,65,432	1.48%	1.48%		
(f)	Foreign Institutional Investors	48	1,00,82,944	1,00,49,669	1.69%	1.69%		
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>126</b>	<b>2,01,89,778</b>	<b>1,96,39,035</b>	<b>3.38%</b>	<b>3.38%</b>		
<b>(2)</b>	<b>Non-institutions</b>						NA	NA
(a)	Bodies Corporate	2,393	6,61,54,931	6,57,74,807	11.06%	11.06%		
(b)	Individuals - i. Individual shareholders holding nominal share capital up to ` 1 lakh.	4,67,111	16,63,64,608	12,29,20,028	27.82%	27.82%	-	-
	ii. Individual shareholders holding nominal share capital in excess of ` 1 lakh.	28	64,54,978	64,54,978	1.08%	1.08%	-	-
(c)	Any Other (specify) NRI	3,906	57,76,991	47,16,680	0.97%	0.97%	-	-
	Trusts	173	2,58,90,457	2,57,59,035	4.33%	4.33%	-	-
	<b>Sub-Total (B)(2)</b>	<b>4,73,611</b>	<b>27,06,41,965</b>	<b>22,56,25,528</b>	<b>45.25%</b>	<b>45.25%</b>	-	-
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>4,73,737</b>	<b>29,08,31,743</b>	<b>24,52,64,563</b>	<b>48.63%</b>	<b>48.63%</b>	-	-
	<b>TOTAL (A)+(B)</b>	<b>4,73,746</b>	<b>59,80,65,003</b>	<b>54,36,97,823</b>	<b>100.00%</b>	<b>100.00%</b>	<b>13,29,70,581</b>	<b>43.28%</b>

Category code	Category of shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage  (IX)= (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(C)	Shares held by Custodians and against which Depository Receipts have been issued				NA	NA	NA	NA
(1)	Promoter and Promoter Group	-Nil-	-	-	-	-	-	-
(2)	Public	-Nil-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>4,73,746</b>	<b>59,80,65,003</b>	<b>54,36,97,823</b>	<b>100.00%</b>	<b>100.00%</b>	NA	NA

NA – Not applicable

**(I)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group”**

Sl. No.	Name of the shareholder	Details of Shares held		Encumbered shares			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI) = (V) / (III) 100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	Nagarjuna Management Services Pvt. Ltd. #@	78592592	13.14%	78592592	100.00%	13.14%	-	-	-	-	13.14%
2.	Nagarjuna Holdings Private Limited@	34626130	5.79%	34213464	98.81%	5.72%	-	-	-	-	5.79%
3.	Governor of Andhra Pradesh	21427989	3.58%				-	-	-	-	3.58%
4.	Baron Properties Private Limited@	18298969	3.06%	17145548	93.70%	2.87%	-	-	-	-	3.06%

5.	KRIBHCO	11000000	1.84%				-	-	-	-	1.84%
6.	Fireseed Limited	8800000	1.47%				-	-	-	-	1.47%
7.	Saipem SPA	4400000	0.74%				-	-	-	-	0.74%
8.	White Stream Properties Private Limited@	3019060	0.50%	3018977	100.00%	0.50%	-	-	-	-	0.50%
9.	Nagarjuna Corporation Limited @	127068520	21.25%				-	-	-	-	21.25%
<b>TOTAL</b>		<b>307233260</b>	<b>51.37%</b>	<b>132970581</b>	<b>43.28%</b>	<b>22.23%</b>	-	-	-	-	<b>51.37%</b>

# includes 7,24,707 equity shares pledged with ICICI Bank held by Saveri Chemicals (P) Ltd., on behalf of Nagarjuna Management Services Private Limited (NMSPL) acquired pursuant to Scheme of Arrangement approved by the Hon'ble High Court of Bombay, Mumbai. Pledge is yet to be revoked and shares yet to be transferred to Nagarjuna Management Services Private Limited.

@ A Composite Scheme of Arrangement and Amalgamation between Nagarjuna Corporation Limited (NCL), Nagarjuna Management Services Private Limited (NMS), Nagarjuna Holdings Private Limited (NHPL), Baron Properties Private Limited (BPPL), White Stream Properties Private Limited (WSPPL) and Growth Stream Properties Private Limited (GSPPL) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012. The Scheme was made effective on November 9, 2012 and necessary disclosures and reports were filed with BSE, NSE and SEBI. Pursuant to the Scheme NMS, NHPL, BPPL and WSPPL were merged into NCL. The equity shares held by these companies shall be transferred to NCL after removal of pledge by the banks to whom they are pledged on the commencement of trading of NFCL equity shares.

**(I)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Public” and holding more than 1% of the total number of shares**

Sl. No.	Name of the shareholder	Number of shares held	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1.	Zuari Industries limited	3,22,67,741	5.40%	-	-	-	-	5.40%
2	NFCL Employee Welfare Trust	2,57,43,525	4.30%	-	-	-	-	4.30%
3.	Nagarjuna Staff Betterment Company Pvt Ltd.	87,23,277	1.46%	-	-	-	-	1.46%
<b>TOTAL</b>		<b>6,67,34,543</b>	<b>11.16%</b>	-	-	-	-	<b>11.16%</b>

**(I)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category “Public” and holding more than 5% of the total number of shares of the company**

Sl. No.	Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1.	Zuari Industries limited	3,22,67,741	5.40%	-	-	-	-	5.40%
<b>TOTAL</b>		<b>3,22,67,741</b>	<b>5.40%</b>	-	-	-	-	<b>5.40%</b>

(I)(d) Statement showing details of locked-in shares

Sl. No.	Name of the shareholder	Category of Shareholders (Promoters / Public)	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Nil			

(II)(a) Statement showing details of Depository Receipts (DRs)

Sl. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc .)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	- N A -			

(II)(b) Statement showing holding of Depository Receipts (DRs), where underlying shares held by 'promoter/promoter group' are in excess of 1% of the total number of shares

Sl. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	- N A -			

6. Statement showing details of Locked-in shares prior to the Scheme in Erstwhile NFCL

Sl. No.	Name of the Shareholder	No. of Shares	Category	% of the total capital
1	Nagarjuna Holdings Private Limited **	4,12,666	Promoter	0.07

\*\* The lock-in on the shares was released on October 1, 2012 in terms of listing approval provided by stock exchanges for allotment of equity shares to Promoters on preferential basis pursuant to re-issue of forfeited shares.

7. List of top 10 shareholders of the Company and the number of Equity Shares held by them:

a) Top ten shareholders on the date of filing the IM with the Stock Exchange

Sl. No.	Name of Shareholders	No. of Equity Shares	% to total capital
1	Amlika Mercantile Private Limited *	296072073	49.50
2	Zuari Global Limited	32267741	5.40
3	Governor of Andhra Pradesh	21427989	3.58
4	Krishak Bharati Cooperative Limited	11000000	1.84
5	Fireseed Ltd	8800000	1.47
6	Life Insurance Corporation of India	5911262	0.99
7	Saipem SPA	4400000	0.74
8	Lok Prakashan Ltd	2684862	0.45
9	Dimensional Emerging Markets Value Fund	2082494	0.35
10	United India Insurance Company Limited	2064415	0.35
	<b>Total</b>	<b>386710836</b>	<b>64.66</b>

\*Note:

1. Amlika Mercantile Private Limited (Amlika) is now the Core Promoter of the company consequent to the disclosure received from Amlika, that a Scheme of Amalgamation between Nagarjuna Corporation Limited (NCL) and Amlika was approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 and the Scheme was made effective on June 19, 2014 in terms of which the equity shares held by NCL in NFCL were vested in Amlika
2. NCL had:
  - (a)Vide letter dated November 11, 2012 informed the Company that a Composite Scheme of Arrangement and Amalgamation between Nagarjuna Corporation Limited (NCL), Nagarjuna Management Services Private Limited (NMS), Nagarjuna Holdings Private Limited (NHPL), Baron Properties Private Limited (BPPL), White Stream Properties Private Limited (WSPPL) and Growth Stream Properties Private Limited (GSPPL) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012. The Scheme was made effective on November 9, 2012 and necessary disclosures and reports were filed with BSE, NSE and SEBI. Pursuant to the Scheme NMS, NHPL, BPPL and WSPPL were merged into NCL. The equity shares held by these companies shall be transferred to NCL after removal of pledge by the banks to whom they are pledged on the commencement of trading of NFCL equity shares. The shareholding of NMSPL includes 7,24,707 equity shares pledged with ICICI Bank held by Saveri Chemicals (P) Ltd., on behalf of Nagarjuna Management Services Private Limited (NMSPL) vested pursuant to Scheme of Arrangement approved by the Hon'ble High Court of Bombay, Mumbai. Pledge is yet to be revoked and shares yet to be transferred to Nagarjuna Management Services Private Limited.
  - (b)Vide letter dated July 23, 2013 informed the Company that a Scheme of Amalgamation between NCL, Nagarjuna Staff Betterment Company Private Limited (NSB) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai. Pursuant to the Scheme NSB was merged into NCL. The equity shares of NFCL (87,23,277) held by NSB shall be transferred to NCL on the commencement of trading of NFCL equity shares.
3. Accordingly, all the shares mentioned above in points 1 and 2 vest in Amlika with effect from June 19, 2014. Further, the company has received disclosures dated July 23, 2014 from Amlika that they have acquired 2,57,43,525 equity shares from NFCL Employee Welfare Trust. These shares shall be transferred to Amlika on the commencement of trading of NFCL equity shares.

**b) List of Top Ten shareholders ten days prior to the date of the IM.**

Sl. No.	Name of Shareholders	No. of Equity Shares	% to total capital
1.	Amlika Mercantile Private Limited *	296072073	49.50
2.	Zuari Global Limited	32267741	5.40
3.	Governor of Andhra Pradesh	21427989	3.58
4.	Krishak Bharati Cooperative Limited	11000000	1.84
5.	Fireseed Ltd	8800000	1.47
6.	Life Insurance Corporation of India	5911262	0.99
7.	Saipem SPA	4400000	0.74
8.	Lok Prakashan Ltd	2684862	0.45
9.	Dimensional Emerging Markets Value Fund	2082494	0.35
10.	United India Insurance Company Limited	2064415	0.35
	<b>Total</b>	<b>386710836</b>	<b>64.66</b>

\*Refer Note (1) appearing for 7(a) on page 39

**c) List of Top Ten shareholders two years prior to the date of IM**

Sl. No.	Name of Shareholders	No. of Equity Shares	% to total capital
1.	Nagarjuna Corporation Limited *	127068520	21.25
2.	Nagarjuna Management Services Pvt Ltd. *	78592592	13.14
3.	Nagarjuna Holdings Pvt Ltd *	34626130	5.79
4.	Zuari Global Limited	32267741	5.40
5.	NFCL Employee Welfare Trust	25743525	4.30
6.	Governor of Andhra Pradesh	21427989	3.58
7.	Baron Properties Private Ltd. *	18298969	3.06
8.	Krishak Bharati Co-operative Ltd.	11000000	1.84
9.	Fireseed Ltd.	8800000	1.47
10.	Nagarjuna Staff Betterment Company Pvt. Ltd. *	8723277	1.46
	<b>Total</b>	<b>366548743</b>	<b>61.29</b>

\*Refer Note (1) appearing for 7(a) on page 39 to the extent applicable

8. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company.
9. The Promoter and Promoter Group have not acquired any equity shares of the Company during last six months immediately preceding the date of filing the IM with the designated stock exchange.
10. The equity shares of the Company are of face value of `1/- and marketable lot is 1 (one) for Demat shares. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time will be complied with. The shares of the Company are being traded compulsorily in dematerialised mode.

11. Shareholding Pattern as on March 31, 2016 and as of date of Information Memorandum:

Format of holding of specified securities

- 1 Name of Listed Entity: Nagarjuna Fertilizers and Chemicals Limited
- 2 Scrip Code/Name of Scrip/Class of Security :-----/Nagarjuna Fertilizers and Chemicals Limited/Equity
- 3 Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)
  - a. If under 31(1)(b) then indicate the report for Quarter ending / March 2016
  - b. If under 31(1)(c) then indicate date of allotment/extinguishment

4 **Declaration:** The Listed entity is required to submit the following declaration to the extent of submission of information:-

	<b>Particulars</b>	<b>Yes*</b>	<b>No*</b>
1	Whether the Listed Entity has issued any partly paid up shares?		No*
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?		No*
3	Whether the Listed Entity has any shares against which depository receipts are issued?		No*
4	Whether the Listed Entity has any shares in locked-in?		No*
5	Whether any shares held by promoters are pledge or otherwise encumbered?	Yes*	

\* If the Listed Entity selects the option 'No' for the questions above, the columns for the partly paid up shares, Outstanding Convertible Securities/Warrants, depository receipts, locked-in shares, No of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also wherever there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities.

5 The tabular format for disclosure of holding of specified securities is as follows:-

Table I - Summary Statement holding of specified securities

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: y								
								Total									
(A)	Promoter & Promoter Group	11	341700062	-	-	341700062	57.13	341700062	341700062	57.13	-	-	-	-	261605271	76.56	332900062
(B)	Public	473735	256364941	-	-	256364941	42.87	256364941	256364941	42.87	-	-	-	-	-	-	210797761
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	473746	598065003	-	-	598065003	100.00	598065003	598065003	100.00	0	0	0	0	261605271	43.74	543697823

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category and name of the shareholders (I)	PAN (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a% of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including warrants) (X)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights		Total as a % of Total voting rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: y								
(1) Indian																	
(a) Individuals/Hindu undivided Family	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Central Government/ State Government(s)		1	21427989	-	-	21427989	3.58	21427989	-	21427989	3.58	-	-	-	-	-	21427989
Governor of Andhra Pradesh	-	-	21427989	-	-	21427989	3.58	21427989	-	21427989	3.58	-	-	-	-	-	21427989
(c) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d) Any Other	-	8	307072073	-	-	307072073	51.34	307072073	-	307072073	51.34	-	-	-	261605271	85.19	307072073
Nagarjuna Corporation Ltd.	AABCN6631N		127068520			127068520	21.25	127068520		127068520	21.25				127068520	100.00	127068520
Nagarjuna Management Services Pvt. Ltd.	AAACN6620J		78592592			78592592	13.14	78592592		78592592	13.14				78592592	100.00	78592592
Nagarjuna Holdings Pvt Ltd.	AAACN6619H		34626130			34626130	5.79	34626130		34626130	5.79				34626130	100.00	34626130
Baron Properties Pvt. Ltd.	AAECB1453H		18298969			18298969	3.06	18298969		18298969	3.06				18298969	100.00	18298969
White Stream Properties Pvt. Ltd.	AAACW9727D		3019060			3019060	0.50	3019060		3019060	0.50				3019060	100.00	3019060

Nagarjuna Staff Betterment Company Pvt Ltd.	AADCN6168J		8723277	-	-	8723277	1.46	8723277	-	8723277	1.46	-	-	-	-	-	-	8723277
NFCL Employee Welfare Trust	AABTN4867F		25743525			25743525	4.30	25743525		25743525	4.30							25743525
KRIBHCO	AAAAC0203G		11000000	-	-	11000000	1.84	11000000	-	11000000	1.84	-	-	-	-	-	-	11000000
Sub-Total (A)(1)		9	328500062	-	-	328500062	54.93	328500062	-	328500062	54.93	-	-	-	-	261605271	79.64	328500062
(2) Foreign																		
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c) Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d) Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f) Any Other		2	13200000	-	-	13200000	2.21	13200000	0	13200000	2.21	-	-	-	-	-	-	4400000
Saipem SPA	AAOCS1408H		4400000	-	-	4400000	0.74	-	-	4400000	0.74	-	-	-	-	-	-	4400000
Fireseed Ltd.	AABCF8282F		8800000	-	-	8800000	1.47	-	-	8800000	1.47	-	-	-	-	-	-	-
Sub-Total (A)(2)		2	13200000	-	-	13200000	2.21	13200000	0	13200000	2.21	-	-	-	-	-	-	4400000
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		11	341700062	-	-	341700062	57.13	341700062	0	341700062	57.13	-	-	-	-	261605271	76.56	332900062
Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.																		
<b>Note:</b>																		
(1) PAN would not be displayed on website of Stock Exchange(s).																		
(2) The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.																		

1

The shareholding of NMSPL includes 7,24,707 equity shares pledged with ICICI Bank held by Saveri Chemicals (P) Ltd., on behalf of Nagarjuna Management Services Private Limited (NMSPL) vested pursuant to Scheme of Arrangement approved by the Hon'ble High Court of Bombay, Mumbai. Pledge is yet to be revoked and shares yet to be transferred to Nagarjuna Management Services Private Limited.

2

The Company has taken on record a letter dated November 11, 2012 from Nagarjuna Corporation Limited informing that a Composite Scheme of Arrangement and Amalgamation between Nagarjuna Corporation Limited (NCL), Nagarjuna Management Services Private Limited (NMS), Nagarjuna Holdings Private Limited (NHPL), Baron Properties Private Limited (BPPL), White Stream Properties Private Limited (WSPPL) and Growth Stream Properties Private Limited (GSPPL) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012. The Scheme was made effective on November 9, 2012 and necessary disclosures and reports were filed with BSE, NSE and SEBI. Pursuant to the Scheme NMS, NHPL, BPPL and WSPPL were merged into NCL. The equity shares held by these companies shall be transferred to NCL after removal of pledge by the banks to whom they are pledged on the commencement of trading of NFCL equity shares

- <sup>3</sup> The Company has taken on record letter dated July 23, 2013 from Nagarjuna Corporation Limited informing that a Scheme of Amalgamation between Nagarjuna Corporation Limited (NCL), Nagarjuna Staff Betterment Company Private Limited (NSB) and their respective shareholders was approved by the Hon'ble High Court of Bombay at Mumbai. Pursuant to the Scheme NSB was merged into NCL. The equity shares of NFCL (87,23,277) held by NSB shall be transferred to NCL on the commencement of trading of NFCL equity shares.
- <sup>4</sup> The company has received disclosures from NCL and Amlika Mercantile Private Limited, that a Scheme of Amalgamation between NCL and Amlika was approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 and the Scheme was made effective on June 19, 2014.
- <sup>5</sup> Accordingly, all the shares mentioned above in points 1,2,3 and 4 and the shares held by NCL shall vest in Amlika pursuant to the Scheme and Amlika shall be the Promoter with effect from June 19, 2014.
- <sup>6</sup> The company has received disclosures dated July 23, 2014 from Amlika Mercantile Private Limited that they have acquired 2,57,43,525 equity shares from NFCL Employee Welfare Trust. These shares shall be transferred to Amlika on the commencement of trading of NFCL equity shares.

Table III - Statement showing shareholding pattern of the Public shareholder

Category and name of the shareholders (I)	PAN (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a% of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including warrants) (X)	Shareholding, as assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (Xiii)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights	Total as a % of Total voting rights	No. (a)			As a % of total Shares held (b)	No. (Not applicable)	As a % of total Shares held (Not applicable)			
																Class X		Class Y
(1) Institutions																	NA	
(a) Mutual Funds/		42	1173425	-	-	1173425	0.20	1173425		1173425	0.20						NA	718300
(b) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(c) Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(e) Foreign Portfolio Investors		48	10082944			10082944	1.69	10082944		10082944	1.69						NA	10049669
(f) Financial Institutions/ Banks		29	62647			62647	0.01	62647		62647	0.01						NA	5634
(g) Insurance Companies		7	8865762			8865762	1.48	8865762	0	8865762	1.48							8865432
(h) Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(i) Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
Sub-Total (B)(1)		126	20189778			20189778	3.38	20189778	0	20189778	3.38							19639035

(2) Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(3) Non-institutions																		NA	-
(a) Individuals -																		NA	-
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		467129	168709162	-	-	168709162	28.21	168709162	-	168709162	28.21	-	-	-	-	-	-	NA	125264582
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		10	4110424	-	-	4110424	0.69	4110424	-	4110424	0.69	-	-	-	-	-	-	NA	4110424
(b) NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
© Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(d) Overseas Depositories (holding DRs ) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(e) Any Other (specify)		6470	63355577	-	-	63355577	10.59	63355577	-	63355577	10.59	-	-	-	-	-	-		61783720
Zuari Global Limited	AAACZ0306P		32267741	-	-	32267741	5.40	32267741	-	32267741	5.40	-	-	-	-	-	-	NA	32267741
Sub-Total (B)(3)		473609	236175163	-	-	236175163	39.49	236175163	-	236175163	39.49	-	-	-	-	-	-		191158726
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		473735	256364941	-	-	256364941	42.87	256364941	-	256364941	42.87	-	-	-	-	-	-		210797761

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

**Note:**

(1) PAN would not be displayed on website of Stock Exchange(s).

(2) The above format needs to be disclosed along with the name of following persons:  
Institutions/Non Institutions holding more than 1% of total number of shares.

(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available and the balance to be disclosed as held by custodian,

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

	Category and name of the shareholders (I)	PAN (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a% of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Outstanding convertible securities (including warrants) (X)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV) (Not applicable)	
									No of Voting Rights		Total as a % of Total voting rights			No.	As a % of total Shares held	No. (Not applicable)	As a % of total Shares held (Not applicable)		
									Class eg: X	Class eg:y									Total
(1)	Custodian/DR Holder	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(a)	Name of DR Holder (if available)																		
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Note:**

(1) PAN would not be displayed on website of Stock Exchange(s).

(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares

(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available,

## SCHEME OF ARRANGEMENT

The relevant extracts of the Scheme of Arrangement are reproduced here. For any details of the scheme, reference shall be made to the full text of the scheme of arrangement as approved by the Hon'ble High Courts.

The following are the extracts of the Scheme of Arrangement of the Company:

Composite Scheme of Arrangement and Amalgamation between iKisan Limited and Kakinada Fertilizers Limited and Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and their respective shareholders & creditors

### "Preamble

All the companies are part of the Nagarjuna Group ('the Group'). The Composite Scheme of Arrangement and Amalgamation comprising of various distinct but integrally connected arrangements under the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 envisaging the following:

- Demerger of Oil Business Undertaking of Nagarjuna Fertilizers and Chemicals Limited into Nagarjuna Oil Refinery Limited;
- Merger of residual Nagarjuna Fertilizers and Chemicals Limited and iKisan Limited into Kakinada Fertilizers Limited

### **Definitions**

**"Appointed Date"** means the 1<sup>st</sup> day of April 2011 or such other date as may be approved by the High Courts.

**"Effective Date"** means the later of the date on which the certified copies of the Orders of High Court of Judicature of Bombay at Mumbai and High Court of Judicature of Andhra Pradesh at Hyderabad, sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra, Mumbai and Registrar of Companies, Andhra Pradesh, Hyderabad, respectively.

**"High Courts"** means the High Court of Judicature of Bombay at Mumbai and the High Court of Judicature of Andhra Pradesh at Hyderabad collectively or such other competent authority and shall include the National Company Law Tribunal, if applicable.

**"iKisan"** means iKisan Limited, a company incorporated under the Companies Act, 1956 and having its registered office at A/612, Dalamal Towers, 211, Nariman Point, Mumbai – 400 021.

**"KFL" or "the Transferee Company"** means Kakinada Fertilizers Limited, a company incorporated under the Companies Act, 1956 and having its registered office at A/612, Dalamal Towers, 211, Nariman Point, Mumbai 400021.

**"NFCL"** means Nagarjuna Fertilizers and Chemicals Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Nagarjuna Hills, Punjagutta, Hyderabad – 500 082.

**"NORL"** means Nagarjuna Oil Refinery Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Nagarjuna Hills, Punjagutta, Hyderabad-500082.

**"Oil Business Undertaking"** means the entire business and undertaking of NFCL relating to oil business related activities as a going concern and shall include (without limitation) the following:

All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, including investment in Nagarjuna Oil Corporation Limited) and liabilities pertaining thereto.

## SHARE CAPITAL

The authorized, issued, subscribed and paid-up share capital of Erstwhile NFCL as at December 31, 2010:

<b>Authorized Capital</b>	<b>Aggregate Nominal Value (` in lacs)</b>
60,00,00,000 Equity Shares of ` 10/- each	60,000.00
2,00,00,000 Preference Shares of ` 100/- each	20,000.00
<b>Total</b>	<b>80,000.00</b>
<b>Issued, subscribed and paid up</b>	
42,81,81,821 Equity Shares of ` 10/- each	42,818.18
37,20,372 Preference Shares of ` 100/- each	3,720.37
<b>Total</b>	<b>46,538.55</b>

The authorized, issued, subscribed and paid-up share capital of iKisan as at December 31, 2010:

<b>Authorized Capital</b>	<b>Aggregate Nominal Value (` in lacs)</b>
2,99,00,000 Equity Shares of ` 10/- each	2,990.00
1,00,000 Preference Shares of ` 10/- each	10.00
<b>Total</b>	<b>3,000.00</b>
<b>Issued, subscribed and paid up</b>	
2,95,50,000 Equity Shares of ` 10/- each	29,550.00
<b>Total</b>	<b>29,550.00</b>

The authorized, issued, subscribed and paid-up share capital of KFL as at December 31, 2010:

<b>Authorized Capital</b>	<b>Aggregate Nominal Value (` in lacs)</b>
10,00,000 Equity Shares of ` 10/- each	100.000
<b>Total</b>	<b>100.00</b>
<b>Issued, subscribed and paid up</b>	
50,000 Equity Shares of ` 10/- each	5.00
<b>Total</b>	<b>5.00</b>

The authorized, issued, subscribed and paid-up share capital of NORL as at December 31, 2010:

<b>Authorized Capital</b>	<b>Aggregate Nominal Value (` in lacs)</b>
50,000 Equity Shares of ` 10/- each	5.00
<b>Total</b>	<b>5.00</b>
<b>Issued, subscribed and paid up</b>	
50,000 Equity Shares of ` 10/- each	5.00
<b>Total</b>	<b>5.00</b>

## **PART I: DEMERGER OF OIL BUSINESS UNDERTAKING OF NFCL INTO NORL**

### **CONSIDERATION**

In consideration of the transfer and vesting of the Oil Business Undertaking of NFCL in NORL, NORL shall on or after the Record Date, without any further application or deed, issue and allot to all the equity shareholders of NFCL, whose names appears in the Register of Members of NFCL as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up equity shares in the following ratio:

- 1 (one) equity share of ` 1 each fully paid up of NORL for every 1 (one) equity share of ` 10 each fully paid up, held by the equity shareholders in NFCL.

Equity shares issued by NORL pursuant to the above Clause is hereinafter referred to as “NORL Equity Shares”.

In consideration of the transfer and vesting of the Oil Business Undertaking of NFCL in NORL, NORL shall on or after the Record Date, without any further application or deed, issue and allot to all the preference shareholders of NFCL, whose names appears in the Register of Members of NFCL as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up preference shares in the following ratio:

- 1 (One) preference share of ` 10 each fully paid up of NORL for every 1 (One) preference shares of ` 100 each fully paid up, held by the preference shareholders in NFCL.

Preference shares issued by NORL pursuant to the above Clause is hereinafter referred to as “NORL Preference Shares”.

The key terms and conditions for the NORL Preference Shares to be issued pursuant to Clause 5.2 above are specified in Schedule 1 hereto.

Further, the NORL Preference Shares to be issued pursuant to Clause 5.2 above shall rank for dividend in priority to the equity shares of NORL, and shall, on winding up of NORL be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of NORL. NORL Preference Shares shall be issued in physical form.

In respect of fractional entitlements, if any, by NORL, to the equity shareholders of NFCL at the time of issue and allotment of NORL Equity Shares under Clause 5.1, the Board of Directors of NORL shall consolidate all fractional entitlements, and allot NORL Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of NORL shall appoint in this behalf, who shall hold the NORL Equity Shares issued in NORL, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to NORL, the net sale proceeds thereof, whereupon NORL shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of NORL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

The NORL Equity Shares shall be issued and allotted in dematerialized form to those equity shareholders who hold shares of NFCL in dematerialized form, in to the account in which NFCL shares are held or such other account as is intimated by the equity shareholders to NFCL and / or its Registrar. All those equity shareholders who hold equity shares of NFCL in physical form shall also have the option to receive the NORL Equity Shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to NFCL and / or its Registrar. In the event that NORL has received notice from any person that equity shares are to be issued in physical form or if any person has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required or if the details furnished by any person do not permit electronic credit of the NORL Equity Shares, then NORL shall issue NORL Equity Shares in physical form to such person or persons.

The NORL Equity Shares and NORL Preference Shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of NORL and shall rank pari passu with the existing equity shares and preference shares of NORL in all respects including dividends.

The Board of Directors of NORL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of NORL Equity Shares and NORL Preference Shares pursuant to Clause 5.1 and Clause 5.2 of the Scheme. Further, NORL shall take all necessary steps for increase of authorised share capital for issue of equity and preference shares pursuant to the Scheme.

NORL Equity Shares to be issued and allotted to the equity shareholders of NFCL pursuant to Clause 5.1 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the equity shares of NFCL are listed and/or admitted to trading. NORL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

In the event of there being any pending share transfers with respect to the application lodged for transfer by any shareholder of NFCL, the Board of Directors or any committee thereof of NFCL if in existence, or failing which the Board of Directors or any committee thereof of NORL shall be empowered in appropriate case, even subsequent to the Record Date to effectuate such a transfer in NFCL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in NFCL and in relation to the NORL Equity Shares and NORL Preference Shares after the Scheme becomes effective.

NORL Equity Shares & NORL Preference Shares to be issued and allotted by NORL to the equity and preference shareholders of NFCL pursuant to Clause 5.1 and Clause 5.2 of this Scheme, in respect of any equity and preference shares in NFCL which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by NORL.

Approval of this Scheme by the equity shareholders of NORL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by NORL, as provided in this Scheme.

The approval of this Scheme by the equity shareholders of NORL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.

The NORL Equity Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is given by the designated stock exchange.

There shall be no change in the shareholding pattern or control of NORL between the Record Date and the listing of the NORL Equity Shares with the designated stock exchange.

#### **CANCELLATION OF EXISTING EQUITY SHARE CAPITAL OF NORL AND CAPITAL REORGANISATION**

Upon the Scheme becoming effective and on issue of shares by NORL to the shareholders of NFCL, 50,000 equity shares of ` 10 each currently held by the shareholders of NORL shall stand cancelled and reduced to the extent of face value of shares.

Such reduction of share capital of NORL as provided in Clause 8.1 above shall be effected as a part of the Scheme, upon which the share capital of NORL shall be deemed to be reduced and the orders of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 100 to 103 of the Act confirming such reduction of share capital of NORL.

Further post cancellation the existing authorised share capital of NORL of ` 5,00,000/- (Rupees Five Lacs only) consisting of 50,000 equity shares of ` 10 each shall stand sub – divided without any further act, instrument or deed into 5,00,000 equity shares of ` 1 each.

## Part II: Merger of RESIDUAL NAGARJUNA FERTILISERS AND CHEMICALS LTD AND IKISAN LIMITED (Transferor companies) into KFL

### CONSIDERATION

Upon this Scheme becoming effective, KFL shall, without any application or deed, issue and allot equity shares, credited as fully paid up, to the extent indicated below, to the equity shareholders of the Transferor Companies and whose names appear in the Register of Members of the Transferor Companies on the Record Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of KFL / Transferor Companies in the following proportion viz.:

- 11 (eleven) equity shares of ₹ 1 each fully paid up of KFL for every 10 (ten) equity shares of ₹ 10 each fully paid up, held by the equity shareholders in NFCL.
- 43 (forty three) equity shares of ₹ 1 each fully paid up of KFL for every 10 (ten) equity shares of ₹ 10 each fully paid up, held by the shareholders in iKisan.

Equity shares issued by KFL pursuant to the above Clause is hereinafter referred to as “KFL Equity Shares”.

Upon this Scheme becoming effective, KFL shall, without any further application or deed, issue and allot to all the preference shareholders of Transferor Companies, whose names appears in the Register of Members of Transferor Companies as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up equity shares in the following ratio:

- 1 (one) preference share of ₹ 90 each fully paid up of KFL for every 1 (one) preference shares of ₹ 100 each fully paid up, held by the preference shareholders in NFCL.
- Preference shares issued by KFL pursuant to the above Clause is hereinafter referred to as “KFL Preference Shares”

The key terms and conditions for the KFL Preference Shares to be issued pursuant to Clause 14.2 above are specified in Schedule 2 hereto.

Further, the KFL Preference Shares to be issued pursuant to Clause 14.2 above shall rank for dividend in priority to the equity shares of KFL, and shall, on winding up of KFL be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of KFL. KFL Preference Shares shall be issued in physical form.

In respect of fractional entitlements, if any, by KFL, to the equity shareholders of Transferor Companies at the time of issue and allotment of KFL Equity Shares under Clause 14.1, the Board of Directors of KFL shall consolidate all fractional entitlements, and allot KFL Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of KFL shall appoint in this behalf, who shall hold the KFL Equity Shares issued in KFL, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to KFL, the net sale proceeds thereof, whereupon KFL shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of KFL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

The KFL Equity Shares shall be issued and allotted in dematerialized form to those equity shareholders who hold shares of Transferor Companies in dematerialized form, in to the account in which Transferor Companies shares are held or such other account as is intimated by the equity shareholders to Transferor Companies and / or its Registrar. All those equity shareholders who hold equity shares of Transferor Companies in physical form shall also have the option to receive the KFL Equity Shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Transferor Companies and / or its Registrar. In the event that KFL has received notice from any person that equity shares are to be issued in physical form or if any person has not provided the requisite details relating to his/her /its account

with a depository participant or other confirmations as may be required or if the details furnished by any person do not permit electronic credit of the KFL Equity Shares, then KFL shall issue KFL Equity Shares in physical form to such person or persons.

The KFL Equity Shares and KFL Preference Shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of KFL and shall rank *pari passu* with the existing equity shares and preference shares of KFL in all respects including dividends.

The Board of Directors of KFL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of KFL Equity Shares and KFL Preference Shares pursuant to Clause 14.1 and Clause 14.2 of the Scheme.

KFL Equity Shares to be issued and allotted to the equity shareholders of Transferor Companies pursuant to Clause 14.1 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the equity shares of Transferor Companies are listed and/or admitted to trading. KFL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

In the event of there being any pending share transfers with respect to the application lodged for transfer by any shareholder of Transferor Companies, the Board of Directors or any committee thereof of Transferor Companies if in existence, or failing which the Board of Directors or any committee thereof of KFL shall be empowered in appropriate case, even subsequent to the Record Date to effectuate such a transfer in Transferor Companies as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in Transferor Companies and in relation to the KFL Equity Shares and KFL Preference Shares after the Scheme becomes effective.

KFL Equity Shares & KFL Preference Shares to be issued and allotted by KFL to the equity and preference shareholders of Transferor Companies pursuant to Clause 14.1 and Clause 14.2 of this Scheme, in respect of any equity and preference shares in Transferor Companies which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by KFL.

Approval of this Scheme by the equity shareholders of KFL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by KFL, as provided in this Scheme.

The approval of this Scheme by the equity shareholders KFL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.

The KFL Equity Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is given by the designated stock exchange.

There shall be no change in the shareholding pattern or control of KFL between the Record Date and the listing of the KFL Equity Shares with the designated stock exchange.

## **CAPITAL REORGANISATION**

Upon sanction of this Scheme, the existing authorised share capital of KFL of ` 1,00,00,000/- (Rupees One crore only) consisting of 10,00,000 equity shares of ` 10 each shall stand sub – divided without any further act, instrument or deed into 1,00,00,000 equity shares of ` 1 each.

Upon sanction of this Scheme, the authorised share capital of the KFL shall stand increased without any further act, instrument or deed on the part of KFL including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of NFCL amounting to `800,00,00,000 (Rupees Eight Hundred Crores) comprising of 60,00,00,000 (Sixty Crores) equity shares of ` 10 each and 2,00,00,000 (Two Crores) preference shares of ` 100 each which shall stand sub – divided and reclassified into 620,00,00,000 (Six Hundred and Twenty Crores) equity shares of ` 1 each and 2,00,00,000 (Two Crores) preference shares of ` 90 each and the Memorandum of Association and Articles of Association of KFL (relating to the authorized share capital) shall,

without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of KFL to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 16, 31, 94 and 394 and applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of NFCL shall be utilized and applied to the increased authorized share capital of KFL and there would be no requirement for any further payment of stamp duty and/or fee by KFL for increase in the authorised share capital to that extent.

Consequent upon the Scheme becoming effective, the authorised, share capital of KFL will be as under:

Particulars	Rupees
<b>Authorised Capital</b>	
621,00,00,000 Equity Shares of `1/- each	621,00,00,000
2,00,00,000 Preference Shares of `90/- each	180,00,00,000
<b>Total</b>	<b>801,00,00,000</b>

It is clarified that the approval of the members of KFL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of KFL as may be required under the Act, and Clause V of the Memorandum of Association and Article 5(1) of the Articles of Association of KFL shall respectively stand substituted by virtue of the Scheme to read as follows:

Clause V of the Memorandum of Association of KFL:

The Authorised Share Capital of the Company is `801,00,00,000/- (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of `1/- each and 2,00,00,000 (Two Crores only) Preference Shares of `90/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the company for the time being with power to increase and / or reduce the Capital of the company and to divide the shares in the Capital for the time being in accordance with the provisions of the Companies Act, 1956 or any other statutory enactments in force from time to time into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions including that of redemption and / or conversion (including deemed redemption / conversion) as may be determined by or in accordance with the enactment / order / notification as may be in force from time to time and to vary, modify or abrogate manner as may for the time being be provided by the regulations of the Company or any statutory enactment / order / notification as may be in force from time to time.

Article 5(1) of the Articles of Association:

The Authorised Share Capital of the Company is `801,00,00,000/- (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of `1/- each and 2,00,00,000 (Two Crores only) Preference Shares of `90/- each with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a Special Resolution passed at a General Meeting duly convened and held for the purpose.

#### **CANCELLATION OF EXISTING EQUITY SHARE CAPITAL OF KFL**

The investment held by NFCL in the equity share capital of KFL shall stand cancelled and accordingly, the share capital of KFL shall stand reduced to the extent of face value of shares held by NFCL in KFL as and when the KFL Equity Shares are issued by KFL pursuant to the Scheme.

Such reduction of share capital of KFL as provided in Clause 17.1 above shall be effected as a part of the Scheme, upon which the share capital of KFL shall be deemed to be reduced and the orders of the High Courts sanctioning the Scheme shall be deemed to be an order under Sections 100 to 103 of the Act confirming such reduction of share capital of KFL.

## **OTHER TERMS AND CONDITIONS**

### **CHANGE OF NAME**

With effect from the Appointed Date, the name of KFL shall be changed to “Nagarjuna Fertilizers and Chemicals Limited” or such other name as may be approved by the Registrar of Companies. Approval of the shareholders of NFCL and KFL to the Scheme shall be considered as the approval required under the provisions of Companies Act, 1956 for change of name”.

### **Rationale for the Scheme :**

Erstwhile NFCL was a company listed on BSE and NSE. The Composite Scheme of Arrangement was undertaken to segregate “Oil” and “Fertilizers” business.

The Scheme of Arrangement envisaged a demerger of oil business undertaking of Erstwhile NFCL into NORL and merger of residual Erstwhile NFCL and iKisan Limited with KFL (now named NFCL)

NFCL is engaged in the business of production and sale of urea, micro-irrigation, trading in other fertilizers and agro-informatics.

The shareholders of Erstwhile NFCL have not been able to realize the value of their investments in view of the involvement of Erstwhile NFCL in two diverse sectors of fertilizers and oil business, each having unique opportunities and challenges. In view of the necessity to maintain market leadership position, expand their respective businesses, have focused attention of the business and attract investors into their respective businesses, it was considered appropriate to undertake a Composite Scheme of Arrangement so as to segregate the fertilizer and oil business.

It is believed that the Scheme has the following advantages:

- Entail synergy benefits through combined operations
- Inorganic growth by capturing the untapped market share
- Enhance product portfolio, service offerings, customer base and market position
- Enable to achieve cost efficiencies
- Unlocking shareholders value

The shareholders of Erstwhile NFCL shall be entitled to receive shares in two companies i.e., NFCL and NORL, which shall be listed at BSE and NSE while Equity shares of NORL were listed on BSE and NSE on March 23, 2012 the Equity shares of NFCL will be listed on completion of process in terms of relaxation of rule 19(2)(b) of SCRR Act, 1957 granted by SEBI vide their letter dated February 4, 2016 addressed to BSE, the Designated Stock Exchange.

## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors  
**Nagarjuna Fertilizers and Chemicals Limited**  
Nagarjuna Hills,  
Punjgutta, Hyderabad – 500082

**Sub.: Statement of Possible Direct Tax Benefits in connection with proposed Listing of shares (the “Issue”) of Nagarjuna Fertilizers and Chemicals Limited (the “Company”)**

We report that the enclosed statement states the possible direct tax (viz under the Income Tax Act, 1961) benefits under the extant provisions of the Income-tax Act, 1961, (‘the Act’) available to the Company or its shareholders under the current direct tax law referred to above, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions.

The possible tax benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- i) the Company or its shareholders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This statement is intended solely for information and for inclusion in the Information Memorandum for listing of Company’s shares and is not to be used, circulated or referred to for any other purpose without our prior written consent.

*Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. No assurance is given that the revenue authorities/courts will concur with the views expressed **in this Tax Benefit Statement**. We do not assume responsibility to update the views consequent to such changes.*

*The views are exclusively for the use of Nagarjuna Fertilizers and Chemicals Limited and shall not, without our prior written consent, be disclosed to any other person, except to the extent disclosure is otherwise permitted by the terms of our engagement.*

*Disclosure of all or any part of this Tax Benefit Statement to any other person is on the basis that, to the fullest extent permitted by law, neither DELOITTE HASKINS & SELLS LLP nor any other Deloitte Entity accepts any duty of care or liability of any kind to the recipient, and any reliance on it is at the recipient’s own risk.*

Sincerely,

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Registration No. 117366W/W-100018)  
Sd/-  
**Shripal Lakdawala**  
Partner  
(Membership No. 109683)

**Mumbai, May 17, 2016**

## ANNEXURE

### STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO NAGARJUNA FERTILIZERS AND CHEMICALS LTD. ("COMPANY") AND TO ITS SHAREHOLDERS

The tax benefits listed below are the possible special benefits available under the current tax laws in India. These benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives it faces in the future, it may not choose to fulfill

#### 1. Under the Income-tax Act, 1961 ("the Act / IT Act")

##### I. Special tax benefits available to the Company

There are no special tax benefits available under the Act to the Company.

##### II. General tax benefits available to the Company

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115O received on the shares of any Indian company is exempt from tax.
2. As per Section 115BBD where the total income of an assessee being an Indian company, includes any income by way of dividends declared, distributed or paid by a specified foreign company, the income tax payable shall be payable at the rate of 15%.
3. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
  - a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
  - b) Income received in respect of units from the Administrator of the specified undertaking; or
  - c) Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

4. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being shares or any other security (other than a unit) listed in a recognised Stock Exchange in India or unit of Unit Trust of India or unit of a Mutual Fund (Equity Oriented) specified under section 10(23D) or a zero coupon bond held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains ("LTCG"). Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains ("STCG").

In respect of any other capital assets (other than shares), the holding period should exceed 36 months to be considered as long term capital assets. In case of shares, the holding period should exceed 24 months to be considered as long term capital asset.

5. As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration
6. As per section 10(38) of the Act, LTCG arising to the Company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund or unit of a business trust where such transaction has been entered into on a recognised stock exchange of India and is chargeable to securities transaction tax ("STT") will be exempt in the hands of the Company. However, income by way of LTCG shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the Act.
7. In accordance with section 112 of the Act, LTCG to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to

Section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -

- a. 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
  - b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation
8. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".

A "long term specified asset" means any bond, redeemable after three years and issued on or after 1<sup>st</sup> day of April 2007 by the:

- a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion

9. As per section 111A of the Act, STCG arising to the Company from the sale of equity share or a unit of an equity oriented fund or unit of a business trust, where such transaction is chargeable to STT will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the IT Act.
10. As per section 70 read with section 74 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG.

However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.

11. The Company would be entitled to claim allowance for expenditure incurred for the purposes of the amalgamation and demerger. The Company shall be allowed a deduction under Section 35DD of the Act for an amount equal to one-fifth of such expenditure for five successive years beginning from the previous year in which the demerger takes place.
12. As per section 43 of the Act, where in an amalgamation any capital asset is transferred by the amalgamating company to the amalgamated company and the amalgamated company is an Indian company, the actual cost of the transferred capital asset to the amalgamated company shall be taken to be the same as it would have been if the amalgamating company had continued to hold the capital asset for the purpose of its own business.
13. Under section 72A of the Act, the loss or unabsorbed depreciation of the amalgamated company shall be allowed to be carried forward and set off in the hands of the amalgamating company subject to certain conditions being satisfied.
14. Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.
15. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against income from any other source in the subsequent assessment years as per section 32(2) subject to the provisions of section 72(2) and section 73(3) of the Act.
16. As per section 115JAA of the Act, credit is allowed in respect of any MAT paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the

tax computed as per the normal provisions of the Act for that assessment year. The MAT credit shall not be allowed to be carried forward beyond tenth assessment year immediately succeeding the assessment year in which tax credit become allowable.

17. As per section 32AD, an additional deduction equal to 15% of actual cost of new asset acquired and installed in an undertaking or an enterprise which is set up for manufacture or production of any article or thing, on or after 1 April 2015 but before 1 April 2020 in any backward area notified by the Central Government in this behalf, in the State of Andhra Pradesh or in the State of Bihar or in the State of Telangana or in the State of West Bengal, will be allowed subject to certain conditions.
18. Under Section 36 (1) (xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
19. As per the Finance Act, 2016, a new section 80JJAA is inserted in place of existing section 80JJAA, whereby an assessee to whom section 44AB applies, shall be eligible for a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in the previous year, for 3 assessment years subject to conditions stipulated in the proposed new section 80 JJAA.

### III. General tax benefits available to Resident Shareholders

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115O received on the shares of any Indian company is exempt from tax. As per the Finance Act, 2016, income by way of dividend in aggregate exceeding Rs. 10 lakh shall be chargeable to tax in the case of an individual, Hindu undivided family (HUF) or a firm who is resident in India, at the rate of 10% plus applicable surcharge and cess.
2. As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration
3. As per section 10(38) of the Act, LTCG arising from the transfer of a long term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to STT , will be exempt in the hands of the shareholder.
4. In accordance with section 112 of the Act, LTCG to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -
  - a. 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
  - b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".

A "long term specified asset" means any bond, redeemable after three years and issued on or after 1<sup>st</sup> day of April 2007 by the:

- a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, ta company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion

6. As per section 54F of the Act, LTCG [in cases not covered under section 10(38)] arising on the transfer of the shares of the company held by an Individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilized to purchase or construct one residential house in India. The residential house is required to be purchased within a period of one year before or two year after the date of transfer or to be constructed within three years after the date of transfer.
7. As per section 111A of the Act, STCG arising from the sale of equity shares of the company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the IT Act.

As per section 70 read with section 74 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG.

However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.

8. Under Section 36 (1) (xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
9. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents.

#### **IV. General tax benefits available to Non-Resident Shareholders (Other than FII's)**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax.
2. As per first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case.
3. As per section 10(38) of the Act, LTCG arising from the transfer of long term capital asset being an equity share of the company, where such transaction has been entered into on a recognised stock exchange of India and is chargeable to STT, will be exempt in the hands of the shareholder.
4. As per section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act, would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) after giving effect to the first proviso to section 48 of the Act. If the tax payable on transfer of listed securities exceeds 10% of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee.
5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".

A "long term specified asset" means any bond, redeemable after three years and issued on or after 1<sup>st</sup> day of April 2007 by the:

- a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion

6. As per section 54F of the Act, LTCG (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an Individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilized to purchase or construct one residential house in India. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer.
7. As per section 111A of the Act, STCG arising from the sale of equity shares of the Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the IT Act.
8. As per section 70 read with section 74 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG.  
  
However, the long term capital loss computed for a given year is allowed to be set off only against the LTCG for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG.
9. Under Section 36 (1) (xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
10. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the nonresident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.
11. As per Finance Act 2015 the income from transactions in securities (other than STCG arising on transactions on which STT is not chargeable), interest, royalty, or fees for technical services arising to a foreign company, shall be excluded from the computation of book profit liable to MAT and the book profit shall be increased by the amount of expenditure corresponding to such income

#### **V. Special tax benefits available to Non-Resident Indians**

1. As per section 115C(e) of the Act, the term "non-resident Indians" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
2. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.
3. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
4. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

5. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to investment income derived from the investment in equity shares of the Company as mentioned in section 115C(f)(i) of the Act for that year and subsequent assessment years until assets are converted into money.
6. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
7. In respect of non-resident Indian, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.
8. As per section 90(4) of the IT Act, the non-resident Indian shall not be entitled to claim relief under section 90(2) of the IT Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the IT Act, the non-resident Indian shall be required to provide such other information, as has been notified.
9. The Finance Act, 2016 amended section 206AA so as to provide that the provisions of the section shall not apply to a non-resident Indian in respect of any other payment, other than interest on bonds, subject to conditions as may be prescribed.

## **VI. Benefits available to Foreign Institutional Investors ('FIIs')**

### **Special tax benefits**

1. Under Section 115AD(1)(ii) of the IT Act, income by way of STCG arising to the FII on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15% if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the IT Act income by way of LTCG arising from the transfer of shares (in cases not covered under Section 10(38) of the IT Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FIIs.

2. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
3. As per Finance Act 2015 the income from transactions in securities (other than STCG arising on transactions on which STT is not chargeable), interest, royalty, or fees for technical services arising to a FII, shall be excluded from the computation of book profit liable to MAT and the book profit shall be increased by the amount of expenditure corresponding to such income.

### **General tax benefits**

4. As per section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.
5. Section 2(14) of the Act has been amended by the Finance Act, 2015 such that any security held by a FII who has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FII would be treated in the nature of capital gains.
6. As per section 10(38) of the Act, LTCG arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to STT will be exempt to tax in the hands of the FIIs.

7. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”.

A “long term specified asset” means any bond, redeemable after three years and issued on or after 1<sup>st</sup> day of April 2007 by the:

- a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to Rs.50 lakhs whether invested during the financial year in which the asset is transferred or subsequent year.

Where the “long term specified asset” is transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion

8. As per section 70 read with section 74 of the Act, short term capital loss, if any, arising during the year can be set off against STCG and LTCG. It also provides that long-term capital loss, if any arising during the year can be set-off only against LTCG. Both the short term capital loss and long term capital loss shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed. However the brought forward long term capital loss can be set off only against future LTCG.
9. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII is considered as resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

As per section 90(4) of the IT Act, the FIIs shall not be entitled to claim relief under section 90(2) of the IT Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the IT Act, the FIIs shall be required to provide such other information, as has been notified.

10. The Finance Act, 2016 amended section 206AA so as to provide that the provisions of the section shall not apply to a FII in respect of any other payment, other than interest on bonds, subject to conditions as may be prescribed.

## **VII. Benefits available to venture capital companies/ funds**

1. Under Section 10(23FB) of the Act, any income of Venture Capital Company registered with SEBI or Venture Capital Fund registered under the provision of the Registration Act, 1908 (set up to raise funds for investment in venture capital undertaking notified in this behalf), would be exempt from income tax, subject to conditions specified therein.
2. Venture capital companies / funds are defined to include only those companies / funds which have been granted a certificate of registration, before the 21<sup>st</sup> day of May, 2012 as a Venture Capital Fund or have been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund. ‘Venture capital undertaking’ means a venture capital undertaking as defined in clause (n) of regulation 2 of the Venture Capital Funds Regulations or as defined in clause (aa) of sub-regulation (1) of regulation 2 of the Alternative Investment Funds Regulations.
3. As per Section 115U of the Act, any income accruing/arising/received by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the venture capital undertaking.
4. Further, as per section 115U(5) of the IT Act, the income accruing or arising to or received by the venture capital company/funds from investments made in a venture capital undertaking if not paid or credited to a person (who has investments in a Venture Capital Company /Fund) shall be deemed to have been credited to the account of the said person on the last day of the tax year in the same proportion in which such person would have been entitled to receive the income had it been paid in the tax year.

5. As per section 10(23FBA (newly inserted section) wherein any income of an 'investment fund' other than the income chargeable under the head "Profits and gains of business & profession" would be exempt from income tax.

Investment fund as per explanation 1(a) of section 115UB means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the Securities Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities Exchange Board of India Act, 1992 (15 of 1992).

Further, section 10(23FBB) also has been introduced wherein any income arising to a unit holder of an 'investment fund', which is of the same nature as income by way of profits and gain of business at investment fund level shall be exempt in the hands of the unit holder.

6. As per section 115UB of the Act (newly inserted section) any income accruing or arising to, or received by, a person, being a unit holder of an investment fund, out of investments made in the investment fund, shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to, or received by, such person had the investments made by the investment fund been made directly by him.

Where in any previous year, the net result of computation of total income of the investment fund [without giving effect to the provisions of clause (23FBA) of section 10] is a loss under any head of income and such loss cannot be or is not wholly set-off against income under any other head of income of the said previous year, then

- Such loss shall be allowed to be carried forward and it shall be set off by the investment fund in accordance with the provisions of chapter VI; and
- Such loss shall not be passed on to the unit holders.

The income paid or credited by the investment fund shall be deemed to be of the same nature and in the same proportion in the hands of the person being a unit holder of an investment fund, as it had been received by, or had accrued or arisen to, the investment fund during the previous year (subject to the provisions in case of losses mentioned above).

7. Further, as per section 115UB(6), the income accruing or arising to, or received by, the investment fund, during a previous year, if not paid or credited to the person being a unit holder of an investment fund, shall (subject to the provisions in case of losses mentioned above), be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.
8. The existing pass through regime will continue to apply to VCF/VCC which had been registered under SEBI (VCF) Regulations, 1996. Remaining VCFs, being part of Category-I AIFs, shall be subject to the new pass through regime

#### **VIII. Special tax benefits available to Mutual Funds**

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

#### **IX. THE WEALTH TAX ACT, 1957**

As per the Finance Act, 2015, Wealth Tax Act, 1957 has been abolished with effect from Assessment Year 2016-17.

#### **X. BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958**

Gift tax is not leviable in respect of any gift made on or after 1 October 1998. Therefore any gift of share of a company will not attract gift tax.

#### **NOTES:**

1. The above benefits are as per the current tax law as amended by the Finance Act, 2016 (the "FA").
2. As per the FA, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 15% if the total income exceeds Rs 1 Crore.
3. As per the FA, surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds Rs 1 crore but does not exceed Rs 10 crores and at the rate of 12% where the income exceeds Rs. 10 crores.

4. As per the FA, surcharge is to be levied on every company other than domestic company at the rate of 2% where the income exceeds Rs 1 crore but does not exceed Rs 10 crores and at the rate of 5% where the income exceeds Rs. 10 crores.
5. A 2% education cess and 1% secondary and higher education cess on the total income is payable by all categories of taxpayers.
6. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.
7. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
8. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
9. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.
10. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the FA.

*Above are the possible tax benefits available to the shareholders under the current tax laws in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions. The benefits discussed above are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.*

## SECTION IV - ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

*The Industry information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company or the sources referred to herein.*

*In this Section, we have relied on and referred to information regarding the industry and competitors from market research reports, and other publicly available sources. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of the information.*

#### **Introduction**

Agriculture which accounts for about one seventh of the GDP, provides sustenance to nearly two-third of our population. Besides, it provides crucial backward and forward linkages to the rest of the economy. Successive five-year plans have laid emphasis on self sufficiency and self-reliance in foodgrain production and concerted efforts in this direction have resulted in substantial increase in agriculture production and productivity. This is clear from the fact that from a very modest level of 52 million MT in 1951-52, foodgrain production increased to about 264.7 million MT in 2013-14. In meeting the domestic requirement of foodgrains and also generating exportable surpluses, the significant role played by chemical fertilizers is well recognized.

Fertilisers help meet the need of food, fiber, fuel and feed for our growing population. Deficiency of plant nutrients in soil is on rise and in order to replenish the same for ensuring food security, use of fertiliser is indispensable. Fertilisers contain essential nutrients in specific ionic forms which plant roots are capable of absorbing and help in better food production.

#### **Evolution of Industry**

The Indian Fertilizer Industry made a very humble beginning in 1906. The first manufacturing unit of Single Super Phosphate (SSP) was set up by EID Parry in Ranipet near Chennai with an annual capacity of 6000 MT. This was followed by TISCO's production of Ammonium Sulphate (AS) associated product of Steel Production. The first major fertilizer plant was set up by Fertilizer & Chemicals Travancore of India Limited (FACT) to produce 150 MT per day Ammonium Sulphate at Alwaye in Kerala in 1947. Fertilizer Corporation of India (FCI) Sindri in Bihar now in Jharkhand was commissioned as a first major public sector company. The Fertilizer Corporation of India was established in 1961 and till its reorganization in April 1978, played a pioneering role in the growth of fertilizer Industry.

The industrial policy of 1956 recognized fertilizer as a core sector for public sector investment. Consequently several public sector units were commissioned in 1960 to 1970s. Private sector investment was encouraged in 1966 resulting in American Equity Investment in Cormandel Fertilizer at Visakhapatnam in 1968. Thereafter several units in private sector commissioned after late 1960s and mid 1970s. Introduction of Retention Price Scheme (RPS) marked the commencement of an era of high growth in Indian fertilizer industry. During RPS (1977-2003) period industry attended significant increase in production and productivity. With assured return of post tax 12% return, the industry took advantage to set up new plants. The co-operative sector like IFFCO and KRIBHCO grew rapidly in mid 1980s. The Green Revolution gave an impetus to the growth of fertilizer industry in India and witnessed significant addition to fertilizer production capacity up to late 1990s. There are no significant capacity additions since 2000 onwards.

## Industry structure and size of Industry

As of now, the country has achieved 80% self-sufficiency in production capacity of Urea. As a result, India could manage its substantial requirement of nitrogenous fertilizers through the indigenous industry. Similarly, 50% indigenous capacity has developed in respect of phosphatic fertilizers to meet domestic requirements. However, the raw-materials and intermediates for the same are largely imported. Since there are no viable sources/reserves in the country for Potash (K) its entire requirement is met through imports.

The installed capacity has reached to a level of 132.58 LMT in respect of nitrogen and 70.60 LMT in respect of phosphatic nutrient in the year 2014-15, making India the 3rd largest fertilizer producer in the world. The rapid buildup of fertilizer production capacity in the country has been achieved as a result of a favourable policy environment facilitating large investments in the public, co-operative and private sectors.

The production of fertilizers during 2013-14 was 123.78 LMT of Nitrogen and 37.14 LMT of Phosphates. The production estimated for 2014-15 is 126.83 LMT of Nitrogen and 40.17 LMT of Phosphate, showing a growth rate of 2.46% in Nitrogen and 8.16% in Phosphate. Production for nitrogenous fertilizer and phosphatic fertilizer is expected to be less than the installed capacity for the year 2014-15. However, taken together, the production of 'N' and 'P' during the year 2014-15 is expected to be more than the production during the corresponding period of last year.

At present, there are 30 large size Urea plants in the country manufacturing Urea, 21 units manufacturing DAP and complex fertilizers and 2 units manufacture Ammonium Sulphate as a byproduct. Besides, there are 97 medium and small-scale units in operation producing Single Super Phosphate (SSP). The sector-wise installed capacity is given in the table below:

Sector	Nitrogen (N)	Phosphate(P)	Nitrogen (N)	Phosphate(P)
	Capacity (LMT)		Percentage Share	
Private Sector	58.56	49.60	44.17	70.26
Public sector	37.64	3.83	28.39	5.48
Co-operative sector	36.38	17.13	27.44	24.26

## Industry segment in which Company operates

The Company is operating in N Segment of Fertilizer segments. Urea accounts for 79% of N requirement of Indian Agriculture industry. The Company has two plants operational for production of urea located at Kakinada, Andhra Pradesh, India. In addition to manufacturing of Urea, the company also manufactures and market Micro Irrigation systems and equipments at three locations. The company is also doing import and trading of fertilizers including phosphatic and potassic fertilizers, Specialty fertilizers and micro nutrients.

## Competitive conditions existing in the industry

The major turnover and profitability of the company attributes to Urea. Urea is controlled commodity and under Administrative price mechanism and subject to Distribution control by Government. Hence, the number of players operating in fertilizers industry has been less.

India produces about 22 million tonnes of urea annually but has to import 7-8 million tonnes a year to meet the domestic demand. In the case of urea, the subsidy constitutes more than 75% of the cost of production. As there is no major competition in Urea sector, the Government has brought P&K sector under Nutrient Based Subsidy Scheme. This sector is exposed to competition in regard to pricing, sales, procurement etc. The company is also importing and trading of P&K fertilizers and competing with other fertilizer companies in this segment.

## Key Demand Drivers

Key demand drivers in respect of demand supply position of the Industry are as follows:

- a. **Availability of Raw Materials:** The main raw material for Urea Production is Natural gas which is used as feedstock and fuel. 81% of total urea capacity runs on Natural gas as feedstock/raw material. Natural gas is supplied by Gail and Reliance as per Government allocation. The balance requirement is met by imported LNG. NFCL has got full allocation of Natural gas for the existing capacity but there is a shortfall in the supply of natural gas. Further, there is shortage of raw material for P&K fertilizers. The major raw material for P&K fertilizers are Rock Phosphate/Phosphoric acid, Sulphur, Ammonia etc. Most of these raw materials are imported as there are no domestic sources available. Therefore there are constraints on capacity utilization and finished products in terms of P&K are imported.
- b. **Agro climatic condition:** Fertilizer being major input for agriculture, the major demand drivers for fertilizer consumption is favourable agro climatic conditions such as monsoon, timely well spread monsoon boosts fertilizer demand.
- c. **Seasonal nature of industry:** The fertilizer consumption is in peak during June-August period of Kharif Season of April-Sep and during December-February period of Rabi Season of Oct-Mar. It may be seen that fertilizer consumption is in peak for 6 months whereas fertilizer production being continuous process for entire year. There are several issues arising due to mismatch like warehousing etc effecting availability in peak demand period.
- d. **Inadequate infrastructure:** As the fertilizer consumption is more than domestic production, the total import of fertilizers during April to December 2014 was ~132 LMT. However, the limited infrastructure facilities have been creating bottlenecks in transportation and logistics.

## Entry and Exit barriers prevalent

With abolition of industrial licensing policy of 1956, there are no entry or exit barriers in fertilizer industry. No license is required for setting up a new fertilizer project or expansion of capacity of existing fertilizer plants. The Urea is controlled commodity and 50% of production is regulated under Essential Commodities Act. The permission from Department of Fertilizer is required for setting up a plant to qualify for subsidy eligibility. The issues such as raw material (Natural gas allocation), custom duty concession etc are also required Department of fertilizers approval.

## Opportunities and Threats

India being a agriculture country, the food and nutrient security to the growing population requires much higher level of agricultural productivity. There are pressures on agricultural land due to growing urbanization and industrialization and land under cultivation is decreasing day by day. To improve the agricultural productivity from available land only solution is balance fertigation. The fertilizer consumption is bound to grow in view of above. There are great potential and opportunities for existing fertilizer producing units for increasing the existing capacity and also creation of new capacity.

The availability and pricing of raw material is major concern for the industry. Pricing of raw materials including Natural gas is not in parity with international prices. The cost of production of fertilizers in India therefore is not comparable with international prices of fertilizers resulting in unfair competition. There is threat of cheaper imports and industry need protection thru tariff and other measures.

## Regulatory policies and its implication on the industry

Regulatory policies have very wider implications on the industry. Government is subsidizing the fertilizers and routing payment of subsidy through Industry. The maximum retail prices of fertilizer are statutory controlled in case of Urea and informally controlled in case of P&K fertilizers. MRP's are fixed by Government on many economic considerations including affordability of farmers. The difference between cost of production and MRP is paid as subsidy.

The subsidy payments/requirements exceed budgeted provision in many of the years. In spite of supplementary budgets there are carry forward of subsidy to subsequent years due to inadequate budget allocation. This results in delay in subsidy payments to fertilizer industry particularly during Jan to March. Any change in the regulatory policies effecting subsidy have direct impact on profitability of fertilizer units. Regulatory policies such as movement and distribution of fertilizers have also had wider implication on fertilizer industry.

## **New Urea Policy 2015**

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, gave approval to a comprehensive New Urea Policy 2015 for the next four financial years in May 2015. The Policy has multiple objectives of maximizing indigenous urea production and promoting energy efficiency in urea units to reduce the subsidy burden on the Government. Savings in energy shall reduce the carbon-footprint and would thus be more environment friendly. It will enable the domestic urea sector having 30 urea producing units, to become more energy efficient, would rationalize the subsidy burden and incentivize urea units to maximize their production at the same time. The policy will ensure timely supply of urea to farmers at same Maximum Retail Price (MRP) with lesser financial burden on the exchequer. It will also reduce import dependency in the urea sector.

Urea units would adopt best available technology in the world and will become globally more competitive. The Policy will result in direct saving of subsidy of around `2618 crore and indirect saving of `2211 crore (total savings will be `4829 crore) on account of revised specific energy consumption norms and import substitution respectively during the next four years. It is expected to result in additional production of around 20 lakh/MT annually.

Farmers, the urea industry and Government of India would benefit from the New Urea Policy.

Earlier the Government had approved gas pooling policy under which all urea units would get gas at a uniform price.

Government had also already decided in January 2015 to allow urea producers to produce neem coated urea upto 100 percent of production and making it mandatory to produce a minimum of 75 percent of domestic urea as neem coated, so that farmers are benefitted. Neem coated urea is required less in quantity with same plot size and gives higher crop yields. Underground water contamination due to leaching of urea also gets reduced with neem coating since nitrogen in the neem coated urea gets released to plants very slowly. Neem coated urea is not fit for industrial use, so chances of its illegal diversion to industries will also be lesser.

The MRP of urea for the farmers has been kept the same at `268/- per bag of 50 kgs excluding local taxes. Farmers have to pay an additional price of only `14/- per bag of neem coated urea.

The movement plan for urea would continue to be given by the Government every month to urea suppliers, to ensure its timely and adequate availability, in all parts of the country.

Earlier the Government had also decided to revive closed urea units at Gorakhpur in Uttar Pradesh and Barauni in Bihar to produce an additional 26 lakh tonnes. Joint venture agreements among various stakeholders were signed in December, 2014 and January, 2015 for revival of the closed Talcher urea unit in Odisha and Ramagundam in Telangana. These two units shall also increase domestic production of urea by 26 lakh tonnes.

By all these measures, import dependency of India for urea is likely to reduce drastically. Presently, India is importing about 80 lakh metric tonnes of urea out of total demand of 310 lakh metric tonnes.

Government also decided to continue the existing subsidy rates for Phosphatic and Potassic (P&K) fertilizers (22 grades including DAP, Single Super Phosphate (SSP), Muriate of Potash (MOP), etc.) under the Nutrient Based Subsidy (NBS) policy for the current year. Subsidy rate for DAP remains same at `12350/- per metric tonne while it is `9300/- for MOP. Separate subsidy for boron and zinc coated fertilizers has also been continued.

Movement plan for P&K fertilizers has also been freed to reduce monopoly of few companies in a particular area so that any company can sell any P&K fertilizer in any part of the country. Rail freight subsidy has been decided to be given on a lump sum basis so that the companies economise on transport. This will help farmers and reduce pressure on the railway network. The Government continues to have legal tools to direct fertilizer suppliers to supply fertilizers in any part of the country where there would be any shortage.

There are 19 units producing phosphatic fertilizers and 103 units making SSP. The entire requirement (approximately 30

lakh Metric Tonnes) of MOP is met from imports, since there is no resource of potash in India. About 90 percent of the phosphates are imported.

In terms of urea policy, the subsidy would be payable to suppliers only after fertilizers are received in the districts and final settlement of subsidy claims will continue to be done only after acknowledgement of receipt of fertilizers by retailers. Quality certificates are to be given by the respective State Governments within six months from the receipt of fertilizers. If quality is sub-standard, subsidy will not be given to fertilizer suppliers.

## **MICRO IRRIGATION**

### **Introduction**

In India, the irrigated area consists of about 36 per cent of the net sown area. Presently, the agricultural sector accounts for about 83 per cent of all water uses. The remaining uses include 5, 3, 6 and 3 per cent respectively, by domestic, industrial and energy sectors and other consumers. Increasing competition with the other water users in the future would limit the water availability for expanding irrigated area. In traditional surface irrigation methods, the losses in water conveyance and application are large. These losses can be considerably reduced by adopting drip and sprinkler irrigation methods. Among all the irrigation methods, the drip irrigation is the most efficient and it can be practised in a large variety of crops, especially in vegetables, orchard crops, flowers and plantation crops. In drip irrigation, water is applied near the plant root through emitters or drippers, on or below the soil surface, at a low rate varying from 2 - 20 lit res per hour. The soil moisture is kept at an optimum level with frequent irrigations. Drip irrigation results in a very high water application efficiency of about 90-95 per cent.

Micro Irrigation is based on the fundamental concepts of irrigation only the root zone of the crop rather than the entire land surface and maintaining the water content of the root zone at near optimum levels. It is one of the latest methods of irrigation, which is becoming increasingly popular in areas with water scarcity and salt problems. Economic considerations usually limit the use of drip irrigation system to orchards and vegetables in water scarcity areas.

### **History of Drip Irrigation**

The use of drip irrigation can be traced back to the ancient custom in certain parts of India of irrigating a *tulsi* plant kept in the courtyard. During the summer months, the plant was irrigated by a hanging pitcher containing water and a minute hole at its bottom to allow the trickling of water on to the plant. The tribal farmers of Arunachal Pradesh practised a primitive form of drip irrigation system using a slender bamboo as the conduit for water flow. The use of drippers in sub-surface irrigation network was first experimented with in Germany in 1869. The conspicuous growth of the petrochemical industry during and after the 1950s facilitated manufacturing of plastic pipes at a cost much cheaper than the cost of metallic or cement concrete pipes. Plastic pipes are convenient for water conveyance under pressure and the plastic material are easily formed into the desired configuration. These features of plastic made the field-scale use of drip irrigation practicable. The drip system was developed for field crops in Israel in the early 1960s and in Australia and North America in the late 1960s. The area under drip irrigation system in the USA is about 1 M ha, followed by India, Spain, Israel, etc.

In India, there has been a tremendous growth in the area under drip irrigation during the last 15 years. At present, around 3.51akh ha area is under drip irrigation with the efforts of the Government of India, while it was only 40 ha in 1960. Maharashtra (94,000 ha), Karnataka (66,000 ha) and Tamil Nadu (55,000 ha) are some of the states where large areas have been brought under drip irrigation. Many crops are irrigated by the drip method in India with the tree crops occupying the maximum percentage of the total area under drip irrigation, followed by vine crops, vegetables, field crops, flowers and other crops.

## Adoption of Micro Irrigation (Drip and Sprinkler) Systems in different countries

Country	Area under cultivation, Lakh hectare	Total Irrigated area Lakh hectare	Irrigated area under Micro Irrigation (Drip and Sprinkler),Lakh hectare
America	1790	247.4	139.87
Israel	4.37	2.5	2.30
Italy	109.75	24.2	13.81
China	1353.65	600.04	60.00
Jordan	3.9	0.96	0.38
France	194.83	29	14.83
India	1980	653	77
Egypt	33	36.7	5.54
South Africa	684.2	16	12.85
Cyprus	1.41	0.46	0.25
Spain	190.6	36.05	26.28

### Industry structure

Micro Irrigation Industry mainly consists of manufacturers of the following systems.

- Manufacturers of Sprinkler Irrigation systems
- Manufacturers of Drip Irrigation systems
- Manufacturers of both Sprinkler & Drip Irrigation systems

NFCL - MI operates in the areas of both Sprinkler & Drip Irrigation solutions.

### Size of the Industry

According to industry sources, the micro-irrigation industry size is ~3500-4000 crore with potential of ~6.95 cr HA. The potential realized till 2014 was 10% of the total i.e. 70 lakh Ha providing substantial scope for the players to tap the opportunities. The other players in the segment include Jain Irrigation, Netafim India and EPC Industries. It is estimated that the annual growth of Indian industry is growing at a CAGR of 10 %. Area Covered under Drip/Sprinkler Irrigation under CSS on MI during 2009-10 to 2014-15 is presented below:

Financial Year	Drip Irrigation (ha)	Sprinkler Irrigation (ha)	Total (ha)
2009-10	277518	319332	596850
2010-11	149886	237363	387248
2011-12	290000	213250	503250
2012-13	315500	178183	493683
2013-14	329000	198750	527750
2014-15	350000	100175	450175
<b>Total</b>	<b>1,711,904</b>	<b>1,247,053</b>	<b>2,958,956</b>

### Pradhan Mantri Krishi Sinchayee Yojana – Micro Irrigation

The Government of India has been implementing Centrally Sponsored Scheme on Micro Irrigation with the objective to enhance water use efficiency in the agriculture sector by promoting appropriate technological interventions like drip & sprinkler irrigation technologies and encourage the farmers to use water saving and conservation technologies.

The Scheme was launched by the Department of Agriculture & Cooperation, Ministry of Agriculture in January, 2006 as

Centrally Sponsored Scheme on Micro Irrigation (CSS). In June, 2010, it was up-scaled to National Mission on Micro Irrigation (NMMI), which continued till the year 2013-14. From 1st April, 2014, NMMI was subsumed under National Mission on Sustainable Agriculture (NMSA) and implemented as "On Farm Water Management" (OFWM) during the financial year 2014-15.

From 1st April 2015, Micro Irrigation component of OFWM has been subsumed under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY). It will be implemented as Centrally Sponsored Scheme on Micro Irrigation under PMKSY during the financial year 2015-16 as per the same pattern of assistance and cost norms as were prevailing under OFWM, unless revised. In the FY 2015-16, funding pattern between Central Government and State Government under PMKSY has been fixed as 50:50%. And the same stood revised to 60:40 in November 2015.

#### **Entry & Exit barriers prevalent**

- a) Entry barriers: Since the business is under subsidy from Central & state govt., getting registration for selling in each state under subsidy scheme is compulsory. A manufacturer must have its own manufacturing facility for minimum three major drip/sprinkler components with BIS certification.
- b) Exit barriers: As per guideline of Central govt., there is warranty for five years for performance of the MI products & rendering after sales services to the MI system installations, hence immediate exit is not possible.

#### **AGRI-INFORMATICS, INFORMATION TECHNOLOGY AND EDUCATION SERVICES**

Indian agriculture has now entered post-Green Revolution stage and is faced with myriad set of problems such as plateauing yields, globalised commodity markets, mounting subsidies, farmer suicides, environmental activism, lack of adequate credit etc. The demands for agricultural technology are changing and diversifying. A few key areas of action to enable enhanced income for farmers and the rural community are:

- Increase in area under irrigation (conventional and micro)
- Reform in food laws to enable multiple participants
- Improving cropping practices and efficiency
- Improving infrastructure such as power, roads, connectivity etc
- Creation of a common Indian market by removing barriers in movement of agricultural produce

Agricultural extension service is recognized as a key imperative in achieving the objectives of enhanced rural farm income. A consensus has emerged that the existing extension system is unable to cope with the challenges facing the agricultural sector. There is also an increasing awareness that information per se does not generate revenue. Therefore corporate bodies are not interested in providing extension services though there is a need for the same. The challenge lies in linking the information delivery mechanism with other revenue generating activities so that the efficiencies derived from transfer of information in that particular sphere of activity could be utilized to perpetuate information generation activities.

#### **Evolution of a new business segment: E enabling the agriculture sector**

This business segment comprising Information and Communication Technologies (ICT) in Agriculture is a new and evolving one. We are the pioneers of this segment in India. This segment caters to the informational and commercial needs of the sector. A comprehensive business model that provides information cum commercial platform is to be evolved taking into consideration the ground realities. Newer approaches to information dissemination are evolving as alternatives to conventional extension education. Similarly, opportunities to enhance efficiencies in the agri value chain by employing IT are also emerging. Addressing the diversity of needs among various players is the key challenge here. Possibilities of dovetailing with existing development projects also exist.

Ikisan is recognized as a leader in this segment which comprises of various models such as one stop shop, output facilitation, pure play information, combination of agriculture and societal applications, input trade etc.

Since this is an enabling business, it is difficult to arrive at volumes and values. Each participant has its own revenue model and metrics to assess operational efficiency. Key players other than Ikisan include eChoupal, Agriwatch, Dhristee and ISAP. There are many regional operators comprising primarily of NGOs.

**Source:** *The information presented in this chapter is based on operational expertise of the Company and the information collected from various sources by the company.*

## BUSINESS OVERVIEW

NFCL is primarily involved in manufacture and sale of Urea and Micro Irrigation systems and marketing of other fertilizers and allied products. The Company also provides agri-informatic services to farmers, Govt. Agencies, Agri Professionals, Research Entities, Dealers and companies in the Agri input-output sectors.

Keeping in view the geographical expansion, it has gradually enhanced its product portfolio by offering products & service and has become one stop supplier to the farmer.

### Product Portfolio of NFCL comprises of:

Our broad portfolio of products and services include:

- Straight Nutrition solutions - Nutrition Solution Business
- Macro and Micro fertilizers and Farm Management services
- Nagarjuna Management Services - The company offers its expertise for the management of chemical process plants, which include Specialist Services and Total Project Management.
- Micro Irrigation solutions
- Agri-Informatics - Information Technology and Education Services
- Research and Development (R & D)

The company has a R & D department undertaking technology development in Research & Development in areas of Plant Nutrition Solutions Technology Platforms and Fuels and Feedstocks.

### Description of Products/Services

#### Bulk Fertilizers:

Sl. No.	Product Name	Bag Design	Advantages
1	Nagarjuna Neem Coated Urea Mfg Urea & Pool Urea Composition: N:46%		<ul style="list-style-type: none"> <li>• Helps in improving vegetative growth</li> <li>• Necessary for chlorophyll synthesis</li> <li>• Increases Protein content of plant</li> <li>• Constituent of Protoplasm &amp; Nucleic Acids</li> </ul>
2	Nagarjuna DAP  Composition: N:18%, P:46%		<ul style="list-style-type: none"> <li>• Stimulates early root development</li> <li>• Rapid &amp; vigorous start to plant</li> <li>• Stimulates flowering &amp; seed formation</li> <li>• Energy storage and transfer of ADP &amp; ATP</li> <li>• Acts as “Energy Currency” in plants</li> <li>• Counteracts bad effects of excess Nitrogen</li> </ul>

Sl. No.	Product Name	Bag Design	Advantages
3	Nagarjuna MOP  Composition: K:60%		<ul style="list-style-type: none"> <li>• Induces movement of food materials to storage organs, seed, tuber, root, fruits.</li> <li>• Improves quality of produce in terms of shelf life and post harvest management.</li> <li>• Vital for photosynthesis</li> <li>• Essential for protein Synthesis</li> <li>• Helps in uptake of other nutrients like N,P,Zn,Fe.</li> </ul>
4	Dhanphos SSP  Composition: P:16%, S:11%		<ul style="list-style-type: none"> <li>• Favoured Fertilizer for dry land areas</li> <li>• Increases productivity</li> <li>• Increases oil content in oil seed crops especially in Groudnut, Sunflower etc.,</li> </ul>

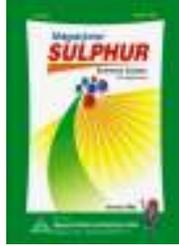
#### Water Soluble Fertilizers:

Sl. No.	Product Name	Bag Design	Advantages
1	Nagarjuna PEEK 19-19-19 & 13-40-13  Composition: N:19%, P:19%, K:19%		<ul style="list-style-type: none"> <li>• Provides balanced complete plant nutrition</li> <li>• Virtually free of chloride, sodium and other detrimental elements of plants.</li> </ul>
2	Nagarjuna Klassic (13-00-45)  Composition: N:13%, K:45%		<ul style="list-style-type: none"> <li>• Efficiently absorbed by Plants</li> <li>• Non-Volatile, easy to apply with no nitrogen losses to the atmosphere</li> <li>• Virtually free of chloride, per chlorate, sodium &amp; other detrimental elements for plants.</li> </ul>
3	Nagarjuna MAP (12-61-00)  Composition: N:12%, P:61%		<ul style="list-style-type: none"> <li>• Suitable for the production of nutrient solution</li> <li>• Low pH</li> </ul>
4	Nagarjuna MKP (00-52-34)  Composition: P:52%, K:34%		<ul style="list-style-type: none"> <li>• Suitable for the production of nutrient solution</li> <li>• Low pH</li> </ul>

Sl. No.	Product Name	Bag Design	Advantages
5	Nagarjuna SOP(00-00-50)  Composition: K:50%, S:17.5%		<ul style="list-style-type: none"> <li>• Low pH</li> <li>• Low Salt Index</li> <li>• Free of chloride, Sodium &amp; other detrimental elements for plants</li> </ul>
6	Nagarjuna Double OX CN (15.5-00-00+18.9)  Composition: N:15.5%, Ca:18.8		<ul style="list-style-type: none"> <li>• Suitable for the production of nutrients solutions and bulk blending.</li> </ul>

#### Micro Nutrients:

Sl. No.	Product Name	Bag Design	Advantages
1	Nagarjuna Mahazinc  Composition: Zn:33%, S:15%		<ul style="list-style-type: none"> <li>• Maha Zinc aids in synthesis of Plant Growth Hormone (IAA) and enzymes</li> <li>• Maha Zinc contains 33% zinc and 15% sulphur</li> <li>• Necessary for production of chlorophyll &amp; carbohydrates</li> <li>• Maha Zinc is in powder form and is readily soluble in water</li> <li>• Maha Zinc is immediately and completely available to crops</li> <li>• Maha Zinc is efficient in correcting Zinc Deficiency</li> </ul>
2	Nagarjuna Zeta  Composition: Zn:12%		<ul style="list-style-type: none"> <li>• Zeta is most efficient in controlling Zinc deficiency</li> <li>• Zeta does not react with soil complexes</li> <li>• Zeta releases Zn slowly to the plants</li> <li>• Zeta remains in soil solution even at high pH</li> <li>• Zeta can be mixed with all fertilizers</li> </ul>
3	Nagarjuna Groth  Composition: Fe:3%, Mn:2%, Zn:6%, Cu:1%, B:1%		<ul style="list-style-type: none"> <li>• Groth is multi micronutrient mixture</li> <li>• Groth corrects all micronutrient deficiencies</li> <li>• Groth increases availability of primary nutrients N,P,K</li> <li>• Groth is compatible with all kinds of pesticides</li> </ul>

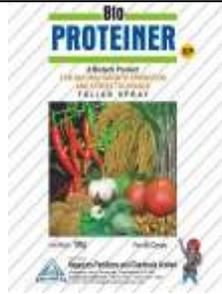
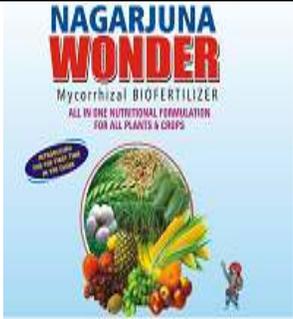
Sl. No.	Product Name	Bag Design	Advantages
4	Nagarjuna Borovin  Composition: B:20%		<ul style="list-style-type: none"> <li>• Borovin is in powder form &amp; has high solubility</li> <li>• Borovin contains high Boron</li> <li>• Borovin is essential for germination of pollen grains, formation of seed and cell wall</li> <li>• Associated with sugar translocation and protein formation</li> <li>• Borovin is compatible with all kinds of pesticides</li> </ul>
5	Nagarjuna Zimbo  Composition: Fe:2.5%, Mn:1%, Zn:3%, Cu:1%, Mo:0.1%, B:0.5%		<ul style="list-style-type: none"> <li>• Micro nutrients are in readily available form</li> <li>• Zimbo is necessary for production of chlorophyll &amp; carbohydrates</li> <li>• Zimbo accelerates germination &amp; maturity</li> </ul>
6	Nagarjuna MAGSULF  Composition: Mg:9.6%, S:12%		<ul style="list-style-type: none"> <li>• Strengthens twigs, leaves there by reducing premature fall of leaves, flowers and fruits</li> <li>• Central atom in chlorophyll molecule</li> <li>• Actively involves in the photosynthesis</li> <li>• Aids in phosphate metabolism, respiration and activation of enzyme systems</li> </ul>
7	Nagarjuna Manganese Sulphate  Composition: Manganese (30.5%) and Sulphur (17%)		<ul style="list-style-type: none"> <li>• Protect from cold injury</li> <li>• Prevent rust in festations</li> <li>• Increase Chlorophyll synthesis</li> </ul>
8	Nagarjuna Sulphur Sulphur Bentonite		<ul style="list-style-type: none"> <li>• Sulphur is necessary for chlorophyll formation</li> <li>• Develops necessary enzymes and vitamins</li> <li>• Promotes root nodulation.</li> <li>• Aids in seed formation &amp; increase oil content</li> <li>• Enhances abiotic stress tolerance (low temperature)</li> </ul>

Sl. No.	Product Name	Bag Design	Advantages
9	DOCTOR BORON		<ul style="list-style-type: none"> <li>• It is in powder form &amp; has high solubility</li> <li>• It contains high Boron</li> <li>• It is essential for germination of pollen grains, formation of seed and cell wall</li> <li>• Associated with sugar translocation and protein formation</li> <li>• It is compatible with all kinds of pesticides</li> </ul>
10	Zinc Sulphate		<ul style="list-style-type: none"> <li>• Zinc Sulphate contains 33% zinc and 15% sulphur</li> <li>• Necessary for production of chlorophyll &amp; carbohydrates</li> <li>• Zinc sulphate is in powder form and is readily soluble in water</li> <li>• Maha Zinc is immediately and completely available to crops</li> <li>• It is efficient in correcting Zinc Deficiency</li> </ul>

#### Supplements:

Sl. No.	Product Name	Bag Design	Advantages
1	Nagarjuna Mahashakti +  Source: City Compost Press Mud Neem Care		<ul style="list-style-type: none"> <li>• Increases organic carbon content of the soil along with major and micronutrients.</li> <li>• Increases soil moisture holding capacity up to 30-40%</li> <li>• Improves root penetration.</li> <li>• Improves availability of nutrients.</li> <li>• Improves microbial activity thus makes the soil healthy</li> <li>• Crop yields will be increased with improved quality parameters like size, taste, color, etc.</li> </ul>
2	Nagarjuna Macros  Composition: Ca:10%. Mg:5%, S:10%		<ul style="list-style-type: none"> <li>• Corrects secondary nutrients deficiencies</li> <li>• Acts as soil conditioner</li> <li>• Improves physical health of soil</li> <li>• Moderates the pH of the soils</li> <li>• Helps in making the nutrients readily available to the plants</li> <li>• Alleviates nutrient toxicities.</li> </ul>

Sl. No.	Product Name	Bag Design	Advantages
3	N-Zyme Composition: Seaweed extract : 1.0% Stabilizers : 5.0% Fillers & Others : 94.0%		<ul style="list-style-type: none"> <li>Establishes good root system.</li> <li>Enhances synthesis of Amino acids &amp; Proteins</li> <li>Increases the uptake of nutrients.</li> </ul>
4	Amino+ Composition: 30-33% : Total Dissolved Solids 9-11% : Hydrolysed Proteins 6-7%: Hydrolysed Carbohydrates 3.5-4% :Amino Nitrogen		<ul style="list-style-type: none"> <li>Amino + enhances metabolic activities of the plant there by growth &amp; yield.</li> </ul>
5	n-Bloom Nitro Benzene 20		<ul style="list-style-type: none"> <li>Enhances plant canopy</li> <li>Stimulates flowering</li> <li>Enhances flower to fruit setting</li> <li>Prevents blossom drop</li> <li>Boosts Yield</li> </ul>
6	Bt Nutri + Composition: 25% : Total soluble solids containing seaweed (Ascophyllum nodosum) and Animal Origin minimum 75% : Derivatives, Preservatives and stabilizers maximum		<ul style="list-style-type: none"> <li>Induces essential physiological activities.</li> <li>Improves branching.</li> <li>Induces flower &amp; boll formation</li> <li>Prevents flower &amp; fruit drop.</li> <li>Enhances boll size there by yield.</li> </ul>
7	Nutri+		<ul style="list-style-type: none"> <li>Induces essential physiological activities.</li> <li>Improves branching.</li> <li>Induces flower &amp; boll formation</li> <li>Prevents flower &amp; fruit drop.</li> <li>Enhances boll size there by yield.</li> </ul>
8	Vita+		<ul style="list-style-type: none"> <li>Helps in increasing plant growth</li> <li>Induces flowering</li> <li>Prevents fruit drop</li> <li>Increases disease resistance</li> <li>Improves yields</li> </ul>

Sl. No.	Product Name	Bag Design	Advantages
9	Bio PROTEINER		<ul style="list-style-type: none"> <li>• Acts as growth promoter</li> <li>• Provides strength to plant to withstand biotic &amp; abiotic stress</li> <li>• Develops tolerance to pests &amp; diseases</li> </ul>
10	Nagarjuna Wonder Specifications: Total Viable Propagules: 100g of finished product, minimum Infectivity potential : 1200 IP/gm (min) Total Mycorrhizal spores : 60/gm (min) pH : 6.0 – 7.5 Moisture content : 8- 12% (Maximum)		<ul style="list-style-type: none"> <li>• The mycorrhizal hyphae enhance the uptake of nutrients from root zone.</li> <li>• Plays important role in nutrient utilization and recycling</li> <li>• Develops tolerance in physical, biological and environmental stress</li> <li>• Develops plant resistance against pest &amp; diseases</li> <li>• Increases soil organic carbon and microbial biomass</li> <li>• Increases quantitative and qualitative crop yield.</li> </ul>

Currently, NFCL is marketing a wide range of plant nutrients viz., Urea, DAP, MOP, NPK Complexes, SSP, Customized Fertilizers, Micronutrients, Water Soluble Fertilizers, Supplements and Organic & Slow Release Fertilizers. Its range of products is sold under the brand “Nagarjuna” which is one of the most preferable brand in farming community.

Our marketing activities are classified into two:

1. Offering Product & services : Various measures are being taken to promote the product and offering value added services viz., conducting Farmer / Dealer training programs, Intensive Farmer Contact programs to educate the farmer.
2. Offering Solutions: Customized Fertilizers is one such solution which provides a wholesome nutrient solution, a two-pronged strategy of prescribing nutrient solution services alongwith providing agri-inputs.

NFCL has its operations in 18 states with 6 Zonal Offices and 33 Regional Offices pan India. It has a channel network of more than 10000 dealers spread across the country.

### NFCL in the Service of farmers

NFCL always believes in working in close relation with Farmers and accordingly has been consistently making sincere effort towards improving farmers farm productivity through technology transfer and value-added services. NFCL has identified the existing gaps in the existing agri value chain and have drafted customized services for farming community. Over the years NFCL has transformed itself from a product oriented company into a total solution provider, offering a balanced mix of products and services to the farmers thus assisting them in increasing their farm productivity and income.

In order to effectively combat micronutrient deficiencies in the soil due to erratic fertilizer application, major initiatives have been taken in the direction of supplying micronutrients in various forms to farmers to cure soil and crop nutrition deficiencies. Special initiative has been taken to bring awareness on Zinc in Zinc deficient areas thus helping the farmers and nation with higher productivity.

Nagarjuna's initiative towards technology transfer and to bridge the knowledge gap between company and the farming community, various in-house training programs are being conducted at KVK Raju Krishi Vigyana Kendramu, Kakinada where resource persons impart training to selected progressive farmers from various districts in Andhra Pradesh on various crop production and protection.

### **Programs Undertaken**

#### **Farmer Education Program**

##### ▪ **On campus training (KVK)**

On campus training programs are conducted at KVK RAJU KRISHI VIGNANA KENDRAM- NFCL situated at Kakinada. The objective of KVK is to transfer technology to farmers and improve their farm productivity by imparting Best Package of Practices / IPM / INM.

##### ▪ **Off Campus**

NFCL conducts off campus training programs during the season when a resource person inspects crops and addresses the farmers on the basis of the observations. Farmer Meetings/ Growers Meetings/ Product seminars/ Crop seminars/ Farmer Contact Programs etc. are also organized throughout the year to address farmer's problems.

Problem identification and solution being provided to farmers by NFCL executives during a field visit.

##### ▪ **Dealer/Retailer trainings**

As the Dealers and Retailers are the most integral part of value chain, NFCL is imparting training to our dealer network in rural areas. The dealers are the primary technical advisors in rural areas as they are the point of contact of the farmers. NFCL has organized number of dealer training programs across the operating markets. All the dealers who have attended these programs are now technically sound and extending the knowledge to the farming community.

- To bridge the technology gap in farming community.
- Designed/customized training for farmers & Input sellers
- NFCL draws resource persons from agricultural Universities and Industry to impart training to the farmers.

#### **Field Demonstrations**

NFCL strongly believes in "SEEING IS BELIEVING" and hence conducting field-demo on various crops with the help of the farmer & the Agri. Department officials. Starting with soil sample analysis to harvesting, the entire process is coordinated and managed by NFCL.

#### **Technical Literature**

Growers are periodically provided with Crop/Product leaflet and brochures in vernacular language to help them understand and follow best practices. Flip charts etc are displayed to impart modern technology in areas of Soil testing, fertilizer application and PP techniques ie., Harvesting techniques Post Harvest technology for farming community.

#### **Soil Testing**

NFCL has been strongly advocating and promoting the balanced fertilizer usage. NFCL has identified soil testing as a primary diagnostic technique towards.

1. Soil Health Management
2. Balance Fertilizer Usage

Understanding the value of soil testing for farmers, NFCL has setup elaborate facility for testing soil samples collected across India and providing the soil test reports to the farmers on time thus helping them in understanding the usage of balanced fertilizer as per the crop schedule.

The Field staff of the company collects the soil samples from their territories before the planting season and sends to the Soil Testing Laboratory of company. Analyst of Soil Testing Laboratory analyses the soil samples and sends the soil test results with the fertilizer recommendations according to the soil status and crops to be grown.

In order to make the Soil testing as part of their regular activity, NFCL has introduced the SOIL HEALTH CARD to all the samples that are analyzed in our lab so as to enable the farmer to keep it permanently and maintain the track of Soil health and also to maintain and improve the Crop Productivity.

#### **Farmers Training Program:**

Imparting technical knowledge and educating farmers are the first and fundamental activities of NFCL for this campaign. In this direction, farmers' training programs are being organized across the operating markets. The main aims of these trainings are to educate farmers on the advance technologies and importance of soil testing.

#### **SWOT Analysis of the company:**

##### **Strengths:**

- Renewed focus on the core business
- Presence in broad spectrum of products & services and thus better Strategic flexibility
- State-of-the-art Manufacturing Technologies
- Cost effective Operations
- Brand identity

##### **Weakness:**

- Systems & Processes for the restructured entity needs to be installed
- Susceptible to changes in government policy

##### **Opportunities:**

- To Capitalize on positive outlook for the industry
- Expand value added services to the farmers, channel partners, and governmental agencies.
- Attract Strategic & Financial investors
- Conducive policy changes

##### **Threats:**

- Intense Competition
- Entry barriers are too low in MI & Agri Informatics sectors

#### **Technology & Process of Manufacturing**

Technology Suppliers: Haldor Topsoe, Denmark for Ammonia  
Snamprogetti, Italy for Urea  
Giammarco Vetrocoke, Italy, for Carbon Dioxide Removal  
MHI, Japan, for CO2 Recovery (CDR) Plant.

#### **Ammonia process description**

The feed stock natural gas is desulphurised by conversion of stable organic sulphur compounds into Hydrogen Sulphide in presence of Nickel Molybdenum catalyst followed by absorption of Hydrogen Sulphide on Zinc Oxide bed. The desulphurised natural gas is mixed with super heated steam to give steam to Carbon ratio of 3.3:1, preheated and fed to the catalyst tubes in Primary Reformer. The Primary Reformer is a side-fired furnace with radiant burners. The natural gas, which is predominantly methane, undergoes following reactions producing Hydrogen and Carbon Oxides:

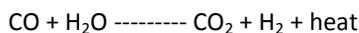


The process gas from the tubes is gathered by a collector system and sent to the Secondary Reformer.

The Secondary Reformer is a refractory lined vessel containing Nickel catalyst. Air from atmosphere comes in contact with the process gas from Primary Reformer. Combustion of some part of Hydrogen and Methane occurs consuming the total oxygen in the air and the temperature rises to about 1300 deg. C. This supplies the heat needed for completion of the endothermic reaction in the catalyst bed. Nitrogen needed for ammonia synthesis gets introduced in to the system in the Secondary Reformer through the process air. The gas leaving Secondary Reformer contains residual Methane of 0.6%. The exit gas from Secondary Reformer is cooled to about 380 deg. C in the Waste Heat Boiler where high-pressure steam is generated.

The carbon monoxide formed in the reforming step is converted to CO<sub>2</sub> by water gas shift reaction in two stages, namely, high temperature shift conversion and low temperature shift conversion. The HT shift reaction takes place in presence of iron oxide chromium oxide catalyst and LT shift reaction takes place in presence of copper oxide zinc oxide catalyst. The shift conversion reaction being exothermic, steam is produced by heat recovery.

The reaction-taking place in the shift conversion can be represented as:

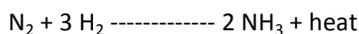


The process gas leaving the CO conversion step contains in addition to Hydrogen and Nitrogen, large quantity of CO<sub>2</sub> and small quantities of CO, Argon and Methane. The CO<sub>2</sub> present in the process gas is removed in the CO<sub>2</sub> removal section using Giammarco Vetrocoke process. Here, CO<sub>2</sub> absorbed in potassium Carbonate solution is regenerated by reducing the pressure and addition of heat in two stage regenerators. The regenerated solution is pumped back to the absorber. Thus, the system operates in closed circulation. The CO<sub>2</sub> gas stripped from the solution in the regenerators is cooled and sent to Urea plant.

The process gas exit absorber now contains only traces of CO and CO<sub>2</sub>. Since carbon oxides act as poison to the ammonia synthesis catalyst, the residual carbon oxides present in the process gas are converted into methane in a methanator reactor containing nickel catalyst. This step is the reverse of reforming reaction and consumes a small amount of hydrogen.

The methanator exit gas after cooling and removal of condensate is the synthesis gas with some interests. This gas is compressed from 24 Kg/Cm<sup>2</sup>g to 134 Kg/Cm<sup>2</sup>g in a centrifugal syn gas compressor. Also, there is a recirculation stage in the compressor where the recycle of unconverted gas along with the compressed make up gas are further compressed to about 142 Kg/Cm<sup>2</sup>g. This gas after pre-heating is admitted to ammonia synthesis converter containing promoted iron catalyst, where Hydrogen and Nitrogen combine to form ammonia with evolution of heat.

The ammonia synthesis reaction is:



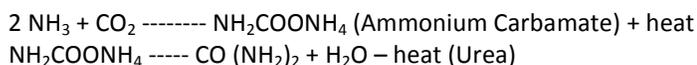
The gas from the converter is cooled in a series of heat exchangers including a Waste Heat Boiler. The condensed ammonia is separated and the uncondensed gases are recirculated back to the converter via the recirculator compressor. The product ammonia is cooled to a temperature of -33 deg. C by means of ammonia refrigeration system. The inerts level in the synthesis loop is kept low by taking an inerts purge and sending the same to the purge gas recovery unit where ammonia and Hydrogen are recovered and the remaining off gas is used as fuel. The product ammonia is pumped to the ammonia storage tanks or directly to Urea Plant.

As the Natural Gas is lean, CO<sub>2</sub> available will be lower than that required for converting available ammonia to urea. This will result in surplus ammonia. Excess gas firing will be required to avoid the ammonia accumulation.

### Urea process description

The production of Urea requires ammonia and CO<sub>2</sub> as the inputs, both of which are available from Ammonia plant. The CO<sub>2</sub> from ammonia plant is compressed to about 160 Kg/Cm<sup>2</sup> and sent to the Urea Reactor. Liquid Ammonia is pumped using high-pressure reactor feed pump and along with recycle carbamate enters into Urea Reactor. Urea Reactor operates at about 156 Kg/Cm<sup>2</sup> and 188 deg. C.

Following reactions take place in the Urea Reactor:



The product stream from the Urea Reactor contains in addition to Urea, large quantity of unconverted ammonia, CO<sub>2</sub> and water. The ammonium carbamate in the product stream is recovered in three stages viz., high pressure stage, medium pressure stage and low pressure stage by decomposing the carbamate into ammonia and CO<sub>2</sub>, separating the gases from the liquid product stream and recondensing the gases back to carbamate solution which is recycled back to the Urea Synthesis Reactor. In this process, the product stream becomes richer and richer in the urea content. In the high-pressure section, separation of Ammonia and CO<sub>2</sub> in the falling film of liquid in the tubes is stripped by ammonia vapour. Medium pressure steam supplies the required heat.

As the Urea Reactor operates with excess ammonia, the excess ammonia is recovered in ammonia condenser. The product stream leaving the low-pressure section contains 70% Urea. This is further concentrated in the vacuum concentrators to get 99.8% Urea melt. This molten Urea is pumped to the top of urea prilling tower and fed into a prilling bucket. The prilling tower of 22-M diameter and 75 M free fall height operates under natural draft. The Urea prills from the bottom of the prilling tower are transported through mechanised belt conveyor system into urea storage silo or directly to urea bagging plant. The bagged urea is dispatched by rail wagons/road trucks.

### **CDR Process Description**

CO<sub>2</sub> Absorbent: KS-1 Solution, Proprietary Supply from MHI, Japan.

The Flue Gas from Primary Reformer enters the Flue Gas Quencher, where it is cooled to 40°C. The Flue Gas is compressed to a pressure of 1.113 Ksca and enters the CO<sub>2</sub> Absorber. The CO<sub>2</sub> in Flue Gas is absorbed by KS-1 Solvent, which is distributed from top through packed bed system. Subsequent to contact with KS-1 Solution the Flue Gas is further washed with DM Water in the top section of CO<sub>2</sub> Absorber. The Flue Gas after removal of CO<sub>2</sub> is sent out to atmosphere through a stack provided at CO<sub>2</sub> Absorber top. The CO<sub>2</sub> rich solution at 55°C is pumped to the Lean / Rich Heat Exchanger. The Lean Solution is recycled back to CO<sub>2</sub> Absorber. The rich solution stream is heated up to 114 °C and sent to CO<sub>2</sub> Regenerator, wherein CO<sub>2</sub> is stripped off from rich solution by providing necessary heat to Reboiler using Low Pressure Steam. The CO<sub>2</sub> thus liberated is washed with DM water at the top of CO<sub>2</sub> Regenerator, cooled to ambient temperature in a overhead condenser and sent to Urea Plants.

In view of adequate Natural Gas supply to NFCL by RIL, it was decided to switchover Unit-II operations to full NG mode from the operation of mixed Feed / Fuel (NG + Naphtha). Subsequent to switchover from Naphtha / NG Mix to full Natural Gas mode in Unit-II, there will be shortfall of CO<sub>2</sub> which will be met through the CO<sub>2</sub> Production from CDR Plant

The Power & Steam demand required for CDR Plant is met through the existing offsite facilities.

### **Major Offsite Units at NFCL, Kakinada**

#### **Raw Water:**

Raw water is received from Samalkot reservoir, 13 KMs away from plant site. It flows by gravity through underground water pipe lines (2 Nos.) of 1-M diameter. Water contains impurities. The suspended solids in the water are removed by flocculation, which is aided by addition of alum and polyelectrolyte. Chlorine is also added as biocide. The suspended solids undergo flocculation in the clarifloculator and form sludge at the bottom. The overflow water from the clarifloculator is filtered in sand filters and used for various purposes like in cooling towers, service water, drinking water etc. The turbidity of the final filtered water is less than 2 NTU. The sludge is removed from the bottom of the clarifloculator and sent to effluent treatment plant for further treatment.

#### **D M Plant:**

The pre-treatment of raw water only removes suspended matter. However, the filtered water contains dissolved impurities, which can cause problems like scaling, corrosion etc. in the boilers on the heat transfer surfaces while raising steam. The steam generated will also be impure and can result in problems like scale formation on turbine blades etc. Hence to eliminate such

problems the water is treated to remove dissolved solids. This is known as demineralisation and is accomplished by "Ion Exchange Resins".

The water to be purified first flows through Active Carbon Filters (ACF) where oil and chlorine are removed, then into the Strong Acid Cation Exchanger (SAC) containing resins. Here the hydrogen ions will be exchanged for the cations in the water (for example if water-containing NaCl is passed through SAC, the resin exchanges Hydrogen with Na in the water to form HCl in water). Thus the cationic resin retains the cation (Na) and release hydrogen ions into water. The water virtually free of cations is sent to degasser tower where CO<sub>2</sub> is removed from water by blowing air and then water is fed to weak base anion exchanger. Here the hydroxide ions will be exchanged for the anions (Chlorine is retained by the resin and Hydroxide ion released to form HOH in water). Silica is removed in strong base anion exchanger having resin. Thus NaCl in water is replaced with HOH after passing through cation and anion exchangers, to form pure water. Minute traces of dissolved solids, which escape, are removed in mixed bed exchanger. The effluent of mixed bed is very pure water with pH = 7 and conductivity = 0.1 – 2.2 μ mhos. This water is used for steam production.

The cation and anion exchanger resins after certain throughput will get exhausted and lose their capacity for ion exchange and require regeneration. This is done by HCl for SAC and NaOH for WBA and SBA and both for mixed bed. During the process of regeneration the resins get recharged.

The process and turbine condensate returning from the process plants may contain some impurities, which needs to be removed. This is done in polishing units, which contains an active carbon filter and a mixed bed and also a guard bed for process condensate. Thus the condensates are purified and reused as D M water. Here also the resins are regenerated after certain throughput.

#### **Cooling Towers:**

Both Ammonia and Urea have individual cooling towers. Ammonia cooling tower caters to Offsite plants also. The towers are induced cross-draft types supplied by M/s. Paharpur cooling towers.

In the process plants after various exchanges of heat among the process streams some quantity of heat is invariably rejected to cooling water in equipment's like coolers, surface condensers etc. The hot water returning from the plant is made to trickle down the cooling tower through fills. A motor with fan fixed on top of the decks sucks air through the tower fills. Part of water evaporates, taking heat from its own sensible heat. As a result the remaining water gets cooled. Water vapour with air is sucked by fans into the atmosphere. Thus hot water enters the cooling tower and gets cooled.

The cold water is pumped backed to the various heat exchangers for heat pick up in the process plants and the cycle continues.

#### **Inert Gas Plant (IG Plant):**

During the start-up, shut down and certain special operation of the process plants we may require an inert gas like Nitrogen (N<sub>2</sub>). Hence we are generating N<sub>2</sub> in our Inert gas plant supplied by M/s. Air products. The atmospheric air is compressed in Main air compressor. The compressed air is passed through molecular sieves to remove carbon dioxide & water. This moisture free air is cryogenically distilled to separate N<sub>2</sub>. It can be obtained either in liquid form, gaseous or combination of both. Liquid N<sub>2</sub> is stored in bullets. The product N<sub>2</sub> contains < 10 ppm Oxygen.

#### **Instrument Air:**

The operation (actuation) of control valves requires compressed air with extremely low moisture (dew point of about – 40 °C at atm. pres). This instrument air is obtained by compressing air and drying it in adsorbers containing silica gel. Instrument air is available at 7 Kg/Cm<sup>2</sup> g.

#### **Plant Air:**

Plant air is used for various services and utilities. It is also compressed air, but no moisture is removed like in case of instrument air.

### **Captive Power Plant:**

The plant electric power demand is met by the gas turbines. There are two gas turbine – alternator sets (GT-A & GT-B) capable of generating 6.77 MW each (at ambient conditions) supplied by M/s. Turbo Technica, Italy and one gas turbine – alternator set (GT-C) capable of generating 17.5 MW (at ambient conditions) supplied by M/s. Thomassen International, Germany.

### **GT-A & GT-B:**

GT-A & GT-B have two stages, HP stage and LP stages. HP stage drives the air compressor while LP stage drives the load. The source of energy is natural gas at 21 Kg/Cm<sup>2</sup> g, which undergoes combustion with compressed air. The products of combustion are expanded in the gas turbine to generate power.

The gas turbine exhaust gases leave at a temperature of about 540 Deg. C and still contains a lot of recoverable heat. This heat is utilised to generate steam at 38 Kg/Cm<sup>2</sup> g and 380 Deg. C in Heat Recovery Steam generating boilers and the gases are let out at about 190 Deg. C. These are also bi drum unit capable of generating 23 Te/hr steam using the exhaust flue gas from gas turbines. There is a provision for supplementary firing of natural gas as a result of which 60 Te/hr of steam can be generated. The incorporation of heat recovery boilers increases the overall efficiency to 75% to 80% which would have been otherwise 20% to 21% if the gas turbine were to generate electric power alone and the flue gases let out to atmosphere at 540 Deg. C. This is known as "Cogeneration" principle.

### **GT- C:**

GT-C has single shaft only. The source of energy is natural gas at 21 Kg/Cm<sup>2</sup> g, which undergoes combustion with compressed air. The products of combustion are expanded in the gas turbine to generate power.

Heat is recovered from the gas turbine exhaust gases leaving at a temperature of about 540 Deg. C to generate steam at 107 Kg/Cm<sup>2</sup> g and 515 Deg. C in Heat Recovery Steam generating boiler (HRSG). The exhaust gases are let out at about 150 °C. HRSG is capable of producing 100 MT/hr of superheated steam with the supplementary firing in the duct burners. There is also a provision of generating steam in this HRSG in the fresh air mode without the exhaust gas .For this purpose FD fan is provided.

### **Auxiliary Boilers:**

The MD type boilers (2 Nos.) of capacity 100 MT/hr each, supplied by M/s. Mitsui are provided with a steam drum and a water drum, which are interconnected by down comers and risers. The steam drum is equipped with a set of steam purifiers inside to obtain the required steam purity.

Feed water heated by the economiser enters the steam drum. The boiler water flows down to the water drum through down comer tubes. The mixture of water and steam flows upwards through riser tubes into the steam drum where steam is separated from water. The entrained water droplets in steam if any are removed by the demister and scrubbers. Saturated steam flows to the primary and secondary super heaters where it gets superheated. The final steam obtained is at 107 Kg/Cm<sup>2</sup> g and 515 Deg. C.

The boiler furnace is designed for combustion of natural gas/low sulphur heavy stock (LSHS) or combination of other gases with NG/LSHS. Combustion air is drawn by the forced draft fan and flows to the steam air heater (used if LSHS is fuel) and then to a Gas air-heater where air is heated by recovering heat from flue gas.

The flue gas leaving the furnace goes to the stack via super heater, economiser and gas-air heater etc.

### **Ammonia Storage:**

During normal operation Ammonia produced in the Ammonia plant goes directly for Urea manufacture. In case of Urea plant stoppage or running at low load, in order to avoid stoppage or reduction of Ammonia plant load, two ammonia storage tanks each of 5000 MT capacity are provided where liquid ammonia can be stored.

The storage tank is double wall double integrity type to ensure at most safety. By double integrity it is meant that the outer tank is also made of the same material (low temperature carbon steel) as the inner tank and is equally strong. In case the inner tank leaks the outer tank will be able to contain the Ammonia.

Due to heat ingress from ambient air & flashing of product liquid ammonia entering the tank from the ammonia plant, vapour will be generated in the storage tank which are compressed, cooled, condensed and sent back to the Ammonia storage tank. Whenever Ammonia is required from the storage tanks for Urea plant, ammonia transfer pumps pump it.

Emergency power is provided for the refrigeration system. Sufficient precautions and provisions have been incorporated to protect the storage tank from under and over pressure.

**Effluent Treatment Plant (ETP):**

The major effluents generated in the process plants are normally treated in the process plants itself except during upsets which is very rare. The ETP receives oily innocuous effluents from cooling towers, boilers, oily water from process plants, floor washings, rain water and sludge from clarifloculator and mostly serves as secondary treatment and back-up unit.

The sludge generated in the pre-treatment plant is thickened in the thickener and sent to centrifuge where it is caked. The overflow is sent to the equalisation pond. The effluents from the process plants after correcting for pH and the acidic-alkaline water produced during regeneration of ion exchange resins in the DM plant are sent to equalisation pond. Also the oily effluents from various plants are treated in disc oil separators and sent to equalisation pond. The water from the equalisation pond sent to holding pond from where it is pumped to green belt.

**Bagging:**

The prilled Urea from the Urea plant is transferred to the Bagging plant in belt conveyers. The bagging plant has 8 bagging streams. Stream No.8 is used exclusively for recovery of spillage Urea.

The prilled urea enters the bunkers (one for each stream) designed for 50 MT of urea capacity. Bunkers are provided with load cells. Each bunker has two independent electronic bagging machines below. Filled bags are moved by slat conveyer for stitching and then conveyed to wagon loaders or lorry loaders according to the requirement.

Any maintenance job or any problem in the bagging plant does not require Urea plant to be shut down as the prilled Urea can be stored in silo capable of storing 30,000 MT Urea, which can be bagged later.

**Existing Installed Capacity:**

Details of existing installed and utilized capacities for each product and the extent of capacity utilized.

**Finished Product: Urea**

Particulars	For Financial Year		
	(2014-15)	(2013-14)	(2012-13)
<b>Unit-I</b>			
Installed (Reassessed) Capacity-MT	597300	597300	597300
Capacity Utilization - MT	348599	647357	787848
Capacity Utilization (%)	58%	108%	132%
<b>Unit-II</b>			
Installed (Reassessed) Capacity-MT	597300	597300	597300
Capacity Utilization - MT	583734	780705	777954
Capacity Utilization (%)	98%	131%	130%

**Finished Product: Micro Irrigation Laterals / Pipes**

Particulars	For Financial Year		
	(2014-15)	(2013-14)	(2012-13)
<b>Unit-I – Nacharam Plant</b>			
Installed (Reassessed) Capacity In Lac Mtrs.	883	883	883
Capacity Utilization	900.11	1103.39	908.06

Particulars	For Financial Year		
	(2014-15)	(2013-14)	(2012-13)
Capacity Utilization (%)	102%	125%	103%
<b>Unit II - PVC Plant</b>			
Installed (Reassessed) Capacity in MT	8374	4774	5467
Capacity Utilization	4244.76	4183.83	3570.98
Capacity Utilization (%)	51%	88%	65%
<b>Unit III - Halol Plant</b>			
Installed (Reassessed) Capacity in Lac Mtrs	800	800	800
Capacity Utilization	646.81	633.15	788.78
Capacity Utilization (%)	81%	79%	99%

## iKisan Division

The business structure for Ikisan encompasses a comprehensive approach that takes into account the information management needs of agriculture sector. This is proposed to be done whilst retaining the core web presence of [www.ikisan.com](http://www.ikisan.com) as the front end to occupy the mind space in this segment. The approach will be one of identifying information management problems and delivering appropriate solutions that can be customized according to user requirements.

Ikisan has three verticals that cater to the diverse needs of the sector. They are as follows:

- 1. Agri - Informatics:** This comprises of the portal [www.ikisan.com](http://www.ikisan.com), plant nutrition services, BOOT Projects such as Technology Mission on Cotton, National Agricultural Innovation Project and also includes generation of advertising revenues. Significant offerings for this segment would include News, Information / Knowledge, Commerce, Social Networking.
- 2. Agri – Education:** E - education is a growing segment and meshes well with the overall objectives of Ikisan. The ongoing Agri Business Management Programme with XLRI and our association with National Academy of Agricultural Research Management in their courses would be a part of this vertical. This is proposed to cater to in-house needs of the Group in addition to general public.
- 3. Agri ITES:** This offers a wide and diverse area for delivery of tangible efficiencies thereby providing considerable revenue options. It is proposed to include our Mandi Automation Projects, GIS / GPS Projects, Cyber Extension, Agri ERP and other allied activities in this vertical. This would have a strong business and transaction focus and would strive to emulate conventional ITES approach for extrapolation on to the agro sector.

## Research & Development

The company has a R & D department undertaking technology development in Research & Development in ares of Plant Nutrition Solutions Technology Platforms and Fuels and Feedstocks.

Erstwhile NFCL in areas of Plant Nutrition Solution Technology Platforms, has initiated programmes in the areas of plant nutrition use efficiency with reference to macro, micro and supplements. After technology gap analysis on a need base, programmes are identified for in-house development. Other programmes are sponsored research or through licensing of technology. All these programmes are aimed for developing a pilot plant and later scale up.

Erstwhile NFCL in the areas of Fuels and Feedstocks, with the support of DBT in the first phase of Process Development Unit (PDU I) implementation has developed infrastructure such as instruments, equipments, manpower to undertake necessary experiments and drawn-up project milestone.

## Employees as on March 31, 2016

We have total staff strength of 1648 employees, the breakup of which is given below:

Sl. No	Category	No. of Employees
1.	Administration	1
2.	Apprentice	1
3.	Commercial/Technical	185
4.	Fixed Term Employees	38
5.	Frontline Management	32
6.	Junior Management	443
7.	MI Staff	124
8.	Middle Management	247
9.	Retainers	18
10.	Scientist	40
11.	Senior Management	70
12.	Technical Assistance	38
13.	Technician	6
14.	Temporary Staff	9
15.	Top Management	36
16.	Trainee	71
	Grand Total	1648

## HISTORY AND OTHER CORPORATE MATTERS

NFCL was incorporated in India on November 7, 2006 under the provisions of the Companies Act, 1956, in the name and style as Kakinada Fertilizers Limited. The CIN No. of the Company is L24129AP2006PLC076238 (previously U24129AP2006PLC076238). The Company obtained Certificate of Commencement of Business on December 19, 2006.

NFCL (formerly Kakinada Fertilizers Limited) became a wholly-owned subsidiary of Erstwhile NFCL on December 15, 2009 pursuant to necessary approvals being obtained.

The objects of NFCL are to carry on the business of manufacturing or producing, refining, importing and exporting, mixing or preparing, mining or otherwise acquiring, trading and dealing in and with any and all classes and kinds of fertilizers manures, their mixtures etc. as detailed hereunder:

### Main Objects of the Company

To manufacture and deal in fertilizers and manures	:	(1) To carry on the business of manufacturing or producing, refining, mixing or preparing, mining or otherwise acquiring, trading and dealing in and with any and all classes and kinds of fertilizers, manures, their mixtures and formulations and any and all classes and kinds of chemicals, source materials ingredients, mixtures, derivatives and compounds thereof, and any and all kinds of products of which any of the foregoing constitutes an ingredient or in the production of which any of the foregoing is used, including industrial chemicals of all kinds and industrial and other preparations or products arising from or required in the manufacture or production refining etc., of any kind of fertilizers, manures, their mixtures and formulations
To manufacture and deal in dyes and dyestuffs, petrochemicals, chemicals etc.	:	(2) To carry on the business of manufacturers, importers and exporters of and dealers, whether as principals or agents, in dyes and dyestuffs, petrochemicals, chemicals, agro chemicals heavy chemicals, organic and inorganic chemicals, plastics, alkalis, acids, drugs, tannins, essences, liquefied petroleum gas and gases generally, plaster of paris, gypsum, plasters, salts, isinglass, colours, paints, glues, gums, mineral and other waters, compositions, cements, oils, pigments, varnishes, compounds, dye stuffs, organic or mineral intermediates, quil pens, tooth picks, brushes, soap and washing materials, toilette requisites, and preparations, perfumes, proprietary articles of all kinds, laboratory reagents, including any and all elementary substances and compounds thereof and all or any formulated compositions consisting or partly consisting of the foregoing or any of them and all or any converted or fabricated products and articles of the foregoing or any of them
To manufacture and deal in fungicides etc.	:	(3) To carry on the business of manufacturing or producing, refining, mining or otherwise acquiring, trading and dealing in whether as principals or agents with fungicides, germicides; insecticides, fumigators, disinfectants, fats, dips, vermifuges, pesticides, medicines, sprays and remedies of all kinds for agricultural, fruit-growing, gardening or other purposes or as remedies for men or animals and whether produced from vegetables, mineral, gaseous, animal or any other matter or by any other process whether chemical, mechanical, electrical or otherwise.
To carry on business of manufactures, refiners importers, exporters, dealers in drugs, medicines etc.	:	(4) To carry on the business of manufacturers, refiners, importers, exporters, and dealers, whether as principals or agents, in drugs, medicines, and chemical pharmaceutical and biological products and preparations of all kinds and all substances apparatus and things capable of being used in connection with such products or required by customers.

<p>To carry on business of chemists, druggists etc.</p>	<p>(5)To carry on the business of chemists, druggists, makers of and dealers, whether as principals or agents in proprietary articles of all kinds and of electrical, chemical, photographic, surgical, optical and scientific apparatus and materials.</p>
<p>To carry on the business of irrigation equipment, garden equipment, water management equipment, drip irrigation equipment, micro irrigation equipment, etc.</p>	<p>(6)To carry on the business of manufacturing, producing, assembling, marketing, dealing, distributing, installing, buying selling, importing, exporting, leasing, trading, hiring and dealing whether as Principals and / or agents in and with any and all classes of irrigation equipment, garden equipment, water management equipment including drip irrigation or micro irrigation equipments, sprinklers, sprayers, pipes, fittings, valves, filters, pumps, gauges, moulds whether metal or plastic or any other material and all other accessories for use in such systems of irrigation and all other products and equipment required in the manufacture or production, installation assembly of any irrigation equipment or systems and also to set up model demonstration farms for use of irrigation systems and for training farmers in using irrigation systems and to carry on the business of fertigation by manufacturing or producing, formulating, refining, processing, importing purchasing, acquiring, leasing, selling, trading, hiring or dealing in whether as Principals and / or agents in all kinds of fertigation systems whether liquid or solid, manures, mixtures and formulations of systems any and all kinds of chemicals whether organic or inorganic and all other products arising from or required in the manufacture or production, refining of any kind of fertilizers manure, mixtures and formulations to be used in the irrigation systems.</p>
<p>To carry on the business of programming of systems and applications software</p>	<p>(7)To undertake relating to the fertilizers and agricultural sector, designing, development and programming of systems and applications software either for its own use or for sale in India or abroad and to design and develop such systems and application software for or on behalf of manufacturers, owners and users of computer systems required in the manufacture or production, refining; to set up and run electronic data processing centres and to carry on the business of data processing, word processing, software development, programming and consultancy, system studies, management consultancy, techno-economic feasibility studies of project, design and development of management information systems, technical analysis of data, data storage and retrieval services in connection with and relating to a manufacturing plant and in this regard to exclusively establish, maintain, conduct, provide, manufacture, procure, develop, deal in software development, data processing centres, imaging services on agricultural fields, data conversion and data translation services including blue prints and develop simulators for erection and operation of any plant or process, systems design and development, consultancy services including feasibility studies, whether for commercial, social, statistical, financial, accountancy, advertisement, medical, legal, management, educational and other technological purposes specifically relating to Fertilizers Field and Agricultural related activities and to impart training in the said fields and to render consultancy and other services in the filed of agricultural related software development, to undertake turnkey software projects and operation research to offer complete hardware and software and technical services relating to the Fertilizer and Agriculture related fields.</p>

## Changes in Memorandum and Articles of the company since inception

Date	MOA/AOA	Particulars
June 12, 2009	Alteration of Objects Clause	To include the Object of providing farming community with software technology and other information on agriculture
May 10, 2010	Change in Registered Office	Clause II of the Memorandum of Association was altered by incorporating the words 'State of Maharashtra' in substitution of and while deletion of the words 'State of Andhra Pradesh'
December 6, 2010	Alteration of Articles of Association	To bring them in line with the provisions of Companies Act, 1956 and to facilitate listing of the company's shares on the Stock Exchanges in future.
July 12, 2011	Alteration of Objects Clause	Clause III - Objects clause to synchronize the businesses of the companies pursuant to the Composite Scheme of Arrangement
July 12, 2011	Alteration of Articles of Association	Insertion of Article No. 5(4) to 5(7), 6A and 48A to bring the Articles of Association in line with the requirement of Stock Exchanges.
July 30, 2011	Alteration of Capital Clause	Change in Capital Clause pursuant to the Composite Scheme of Arrangement
August 12, 2011	Change in Registered Office	Clause II of the Memorandum of Association was altered by incorporating the words 'State of Andhra Pradesh' in substitution of and while deletion of the words 'State of Maharashtra'
August 19, 2011	Change of name	Change of name from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited pursuant to the Composite Scheme of Arrangement
August 19, 2011	Alteration of Articles of Association	Insertion of Article 94 in the Articles of Association pertaining to nomination of Director by Financial Institutions.
September 12, 2011	Alteration of Articles of Association	Alteration of Articles of Association by substituting existing Article 179 with the new provision relating to service of process of winding up.
November 29, 2013	Alteration of Articles of Association	Insertion of Article 4A in the Articles of Association pertaining to Buy back of shares
November 29, 2013	Alteration of Articles of Association	Alteration of Article 136 in the Articles of Association pertaining to relating to capitalization of reserves
November 29, 2013	Alteration of Capital Clause	Clause V of the Memorandum of Association pursuant to sub-division of preference share capital
November 29, 2013	Alteration of Articles of Association	Alteration of Article 5(1) in the Articles of Association relating to authorized share capital of the Company

### Milestones of Erstwhile NFCL/ NFCL:

The milestone provided includes the milestones of erstwhile NFCL

Year	Milestones Achieved
2014	<p>ICC award for “Excellence in Management of Health, Safety &amp; Environment” for the year 2013</p> <p>“Safety Award for the year 2013-14” from Fertilizer Association of India (FAI) for the year 2013-14”</p> <p>“Certificate of Appreciation” as part of Safety Award 2013 from National Safety Council of India in recognition of appreciable achievement in Occupational Safety &amp; Health during the assessment period of three years 2010-2012</p> <p>“Compliance Champion 2014” has been awarded to Mr. M Ramakanth, Company Secretary at the Annual Compliance Awards 2014 organized by Legasis Services Private Limited</p>
2013	<p>Best Management Award: Andhra Pradesh Government has presented this Award for maintaining excellent Industrial Relations and for effective implementation of Employee Welfare activities.</p> <p>ICC Award: NFCL won "Certificate of Merit" for "Excellence in Management of Health, Safety &amp; Environment" for the year 2012, under Category of Companies with Annual Sales Revenue more than `500 Crores.</p> <p>Certificate of Appreciation: NFCL received "Certificate of Appreciation" in recognition of appreciable achievement in Occupational Safety &amp; Health during the assessment period of three years 2009-2011 in Group B under the Manufacturing Sector Category from National Safety Council of India, New Delhi.</p> <p>FAI Award: NFCL, Kakinada has won the prestigious Fertilizer Association of India's "Environment Protection Award 2013" Runner-Up for a Nitrogenous Fertilizer Plant Category.</p> <p>National Safety Council’s “Third Level Safety Award - Suraksha Puraskar" (Bronze Trophy &amp; Certificate) in Group B under the Manufacturing Sector Category for the year 2011.</p> <p>“Best Management Award” for the year 2012 from the Government of Andhra Pradesh.</p>
2012	<p>NFCL has won the Prestigious FAI Environmental Protection Award in the nitrogenous fertilizer plants category, for the year 2011 – 12.</p> <p>CII Environmental Best Practices Award 2012 for implementing dry de-dusting system at conveyors area of Urea Plants under the ‘Most Innovative Environmental Project’ Category.</p>
2011	<p>NFCL won the prestigious “Prashansa Patra” award from National Safety Council of India for the year 2010. The Award was received on 19th Oct 2011 during the function held at Delhi.</p> <p>NFCL received the "FAI Award for Excellence in Safety for the year 2010-11" under Nitrogenous Fertilizer Category on 7th Dec 2011, during FAI Annual Seminar conducted from 7th to 9th Dec 2011 at New Delhi.</p> <p>Received “Certificate of Appreciation” from NREDCAP, Hyderabad for “Implementation of Energy conservation measures” for the year 2010-11.</p>

Year	Milestones Achieved
	<p>NFCL has won the prestigious CII Environmental Best Practices Award 2012, in "Most Innovative Environmental Project" category for the year 2012.</p> <p>NFCL have voluntarily undergone "RC Logo Audit" by Indian Chemical Council (ICC), to assess the extent of implementation of RC requirements in various codes of practices as per the guiding principles of ICC. (Received the prestigious RC 14001 : 2008 [Responsible Care] certification)</p> <p>Economic Times and Frost &amp; Sullivan prestigious 'India Manufacturing Excellence (IMEA) – Platinum Award' in 'Process Sector' category for the year 2010.</p> <p>British Safety Council's Merit Award for the year 2010 awarded for commitment to the health, safety and well-being of workforce (British Safety Council, UK, 'International Safety Award for Best Safety Performance'.</p>
2010	<p>Government of Andhra Pradesh "Best Management Award" for the year 2009-10 for maintaining excellent cordial industrial relations and for effective implementation of employee welfare activities.</p> <p>The Financial Express &amp; Emergent Ventures India 'FE-EVI Green Business Leadership Best Performer Award' for 2009-10 under Chemicals &amp; Fertilizers Category.</p> <p>ICC (Indian Chemical Council) Award, for 'Water Resource Management in Chemical Industry' for the year 2009-10.</p> <p>ICC Award of 'Certificate to Merit' for the Best Compliant under Responsible Care for Codes Environment Protection and Process Safety Management.</p>
2009	<p>Fertilizer Association of India (FAI) 'Environmental Protection Award' in the nitrogenous fertilizer plants category and joint winner for excellence in Safety Award.</p> <p>International Fertilizer Industry Association (IFA) Green Leaf 2<sup>nd</sup> runner-up award in the Global Competition for Excellence and Innovation in Safety, Health and Environment.</p>
2008	<p>National Safety Council Award from National Safety Council, Andhra Pradesh. Chapter for implementing the Process Safety Management Systems (PSMS).</p> <p>For the third time, Nagarjuna Fertilizers and Chemicals Limited has won the prestigious FAI Environmental Protection Award in the nitrogenous fertilizer plants category for the year 2006-07. NFCL has been honored for outstanding contribution for the sustainability of ecological balance at Kakinada plant. This award reflects the collective effort, dedication and commitment of NFCL associates and responsibility of NFCL towards the society.</p>
2007	<p>NFCL has been awarded with prestigious "National Award for Excellence in Water Management" by CII-Sohrabji Godrej Green Business Centre, Hyderabad.</p>
2006	<p>NFCL has won the 'Best Technical Innovation' Award from Fertilizer Association of India for performance excellence in the field of production technology.</p> <p>Nagarjuna Fertilizers and Chemicals Limited has been awarded with 'Best Management' by Labour Department, Government of Andhra Pradesh on the occasion of May Day.</p> <p>NFCL participated in the Corporate Social Responsibility Award – 2004-05 competitions, which were organized by The Energy and Resources Institute (TERI), New Delhi. A total of 180 companies participated, NFCL was shortlisted in the Best Ten Companies and given a 'Certificate of Appreciation', for its efforts towards good Corporate Citizenship and sustainable initiatives amongst Corporates with</p>

Year	Milestones Achieved
	<p>turnover above 500 crore rupees.</p> <p>Award for Excellence in Natural Gas Conservation in the 'Fertilizers Sector' category from Gas Authority of India Limited (GAIL).</p>
2005	<p>FAI (Fertiliser Association of India) Environment Protection Award in the Nitrogenous Fertilizer plants category for the year 2004-05.</p> <p>5 Star rating in O H &amp; S Audit from British Safety Council, UK.</p> <p>Commendation Award in "Leadership and Excellence Awards in Safety, Health &amp; Environment (SHE) 2004", by Confederation of Indian Industry, Southern Region, Chennai.</p> <p>Water Efficient Unit Award during "National Award for Excellence in Water Management 2004" by Confederation of Indian Industry, Hyderabad.</p>
2004	<p>Award for Good Practices in Cleaner Production and Pollution Control by A.P. Pollution Control Board.</p> <p>Environmental Protection Award in Nitrogenous Fertilizer Plants for 2001-02 by Fertilizer Association of India.</p>
2002	<p>OHSAS 18001 Certification from BVQI, Netherlands, Commendation Trophy by National Safety Council for implementing OHSAS 18001 by A.P. Chapter and Director of Factories, Andhra Pradesh.</p>
2001	<p>Bronze Award for Occupational Safety for 2001 by ROSPA, U.K.</p> <p>Best Environmental Improvement Effort by Industries located in the Sate by FAPCCI.</p> <p>Best Environmental Management Plan 2000-01 by A.P. Pollution Control Board, Visakhapatnam.</p> <p>Bronze Award for Occupation Safety for 2000 by ROSPA, U.K.</p>
2000	<p>Best School Industry Linkage by NCERT.</p> <p>ISO 14001 EMS Certification by BVQI, Netherlands.</p> <p>3 Star Rating in OH&amp;S Audit by British Safety Council, U.K.</p> <p>Vanamitra Award 1999 for developing and maintaining Green Belt by Government of Andhra Pradesh.</p>
1999	<p>Merit Award for 1998 by Royal Society for the Prevention of Accidents (ROSPA).</p> <p>Paryavarana Parirakshak Award by Rotary International District 3020 &amp; Rotary Club of Waltair.</p> <p>Golden Peacock Environment Management Award 1998 by World Environment Foundation (WEF), New Delhi.</p> <p>National Safety Award for 1998 by British Safety Council, U.K.</p> <p>"Best Workers Welfare (Including Family Planning) effort by an Industrial or Commercial Unit in the Sate" for 1997-98 from A.P. Chamber of Commerce and Industry.</p>
1998	<p>National Safety Award for 1997 by British Safety Council, U.K.</p>

Year	Milestones Achieved
	Merit Award for 1997 from ROSPA, U.K. Awards for Innovative and Purposeful Programmes for 1996 from ICMA, Mumbai
1997	National Safety Award for 1996 by British Safety Council, U.K. Award of Merit for 1994-95 from National Safety Council, USA.
1996	Rajiv Gandhi Parti Bhoomi Mira Award for 1994 – 96 by Waste Land Development, Govt. of India. National Safety Award for 1995 by British Safety Council, U.K. Golden Peacock National Quality Award for 1995 by Institute of Directors, New Delhi. Awards for Environmental Control Strategies & Safety in Chemical Plants for 1994 from ICMA, Bombay.
1995	Best Industrial Canteen for 1994 by National Safety Council, AP Chapter, Hyderabad. Good Housekeeping for 1994 by National Safety Council, AP Chapter, Hyderabad. ISO 9002 Certification from BVQI, Netherlands. National Safety Award for 1994 by British Safety Council, U.K.
1993	“EPIC” award for Anti Pollution measures taken by the Industry from Environment Public Interest Committee, Kakinada.

#### Changes in Registered office of the Company

Previous Address	New Address	Reason for Change	Date of Change
10-4-771/5/1/A, Sriram Nagar Colony, Masab Tank, Hyderabad-Andhra Pradesh-500 028.	A/612, Dalamal Towers, 211, Nariman Point, Mumbai, Maharashtra – 400 021	Better operational efficiency	May 10, 2010
A/612, Dalamal Towers, 211, Nariman Point, Mumbai, Maharashtra – 400 021	Door No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082	Better operational efficiency	August 12, 2011

#### Subsidiaries

The following are the subsidiaries of the Company:

1. Jaiprakash Engineering and Steel Company Limited
2. Nagarjuna Industrial Services and Investments Private Limited

The following is the step down subsidiary of the Company:

1. Spawnt Private S.a.r.l, Luxembourg

For further details on subsidiaries, please refer “Group Companies” section appearing on page 115

### **Agreement entered into by the Company**

The Company is an affirming party to the Shareholders Agreement entered into by Nagarjuna Holdings Private Limited, with

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

### **Strategic / Financial Partners and Other Material Contracts**

The Company has also entered into Technology Transfer Agreements with

1. Saipem S.p.A (formerly Snamprogetti, S.p.A., Italy)
2. Haldor Topsoe A/S, Denmark
3. Mitsubishi Heavy Industries Ltd., Japan

## MANAGEMENT

As per the Articles of Association of the Company, the Company shall not have less than three Directors and not more than twelve Directors.

Brief Biography of the Board of Directors as on the date of filing this IM:

Name, Age, Designation, Father's Name, Residential Address, Occupation And DIN	Other Directorships
<p><b>Mr. K S Raju</b>                      Age: 65 years                      Designation: Chairman                        DIN: 00008177                      S/o: Late Mr. K. V.K. Raju                        Address: No,1-160/1, Survey Nos. 197 &amp; 207, Bollarum Road, Miyapur,                        Hyderabad - 500049                      Occupation: Industrialist</p>	<p>Nagarjuna Oil Corporation Limited                      Nagarjuna Oil Refinery Limited                      Jaiprakash Engineering and Steel Company Limited                        Bhagiradha Chemicals &amp; Industries Limited                      Nagarjuna Agrichem Limited                        Global Horizon Urban Infra Private Limited                        KVK Raju International Leadership Academy                      Kanumuru Properties and Images Private Limited                        Nagarjuna Agricultural Research and Development Institute                      Nagarjuna Foundation                      Himagiri Hydro Energy Private Limited                      Himagiri Enterprises Private Limited                      Nagarjuna Shubho Green Technologies Private Limited                      Inkor Energy Services Ind Private Limited</p>
<p><b>Mr. S. R Ramakrishnan</b>                      Age: 80 years                      Designation : Director                      DIN: 00015839                      s/o: Mr. S R R Thathachariar                      Address: 1005, Nanda Block, Kaushambi Apartments, Shahibabad – 201010                        Occupation: Service</p>	<p>Shriram EPC Limited, Chennai                      Nagarjuna Oil Corporation Limited                      Nagarjuna Oil Refinery Limited</p>
<p><b>Dr. N C B Nath</b>                      Age: 85 years                      Designation : Director                      DIN: 00026509</p>	<p>Nagarjuna Oil Refinery Limited</p>

<p>s/o: Mr. N C Krishnamachary Address: 11, Prime Street, Richmond Road, Bangalore 560 025</p> <p>Occupation: Economist &amp; Management Consultant</p>	
<p><b>Mr. Chandra Pal Singh Yadav</b></p> <p>Age: 56 years</p> <p>Designation : Nominee Director DIN: 00023382</p> <p>s/o: Mr. Thakur Prasad Yadav</p> <p>Address: 466, Masiha Ganj, Sipri Bazar, Jhansi, Uttar Pradesh</p> <p>Occupation: Service</p>	<p>Krishak Bharati Co-operative Limited</p> <p>KRIBHCO Shyam Fertilizers Limited</p> <p>National Coop. Union of India Kribhco Infrastructure Ltd. Continental Multimodal Terminals Ltd.</p> <p>Bundelkhand Krishi Utpadan Vipanan Sehkari Samiti</p> <p>National Agricultural Cooperative Marketing Federation (NAFED) Co-operative Bank of India Krishi Utpadan Evan Vipnan Sahakari Samiti</p> <p>Gramin Vikas Trust (GVT) Kribhco Gramin Vikas Sanstha Kisan Bahudesiya Sehkari Samiti Ltd.</p> <p>National Coop. Consumer Federation of India Ltd. (NCCF) National Federation of Urban Coop. Banks &amp; Credit Societies (NAFCUB)</p> <p>National Film &amp; Fine Arts Coop. Ltd. (NAFFAC)</p> <p>The Anupama Coop. Veg &amp; Fruit Growers Mktg. Society Ltd. General Council of NCDC</p>
<p><b>Mr. M P Radhakrishnan</b></p> <p>Age: 76 years</p> <p>Designation : Nominee Director DIN: 00129222</p> <p>s/o: Mr. M V Pattabhiraman</p> <p>Address: H.No.3/462, 'Panchavati' Kajura Gardens, First Street, East Coast Road, Neelankarai Chennai - 600 041</p> <p>Occupation: Service</p>	<p>Nil</p>
<p><b>Mr. K Rahul Raju</b></p> <p>Age: 39 years</p> <p>Designation: Managing Director DIN: 00015990</p>	<p>Nagarjuna Oil Corporation Limited Nagarjuna Oil Refinery Limited Bijam Bio-sciences Private Limited K V K Raju International Leadership Academy</p>

<p>s/o: Mr. K. S. Raju Address: "Digvijayam" 933A, Road no.47, Jubilee Hills, Hyderabad 500 033 Occupation: Industrialist</p>	<p>Bijam Projects &amp; Estates Private Limited Agtive Biosciences Private Limited Ontray Internet Services Private Limited Nagarjuna Foundation Growth Stream Properties Private Limited The Fertilizer Association of India</p>
<p><b>Mr. Shailendra Govind Nadkarni</b> Age: 51 years Designation : Nominee Director DIN: 03401830 S/o: Mr. Govind V Nadkarni Address: B-244, Twin Towers, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025 Occupation: Service</p>	<p>NIL</p>
<p><b>Mr. O Ramesh Babu</b> Age: 55 years Designation : Nominee Director DIN: 05149448S/o: Oggu Neelambarm Address: IFCI Ltd. Taramandal Complex,(8th Floor) 5-9-13, Saifabad, Hyderabad-500 004</p>	<p>Nil</p>
<p><b>Ms. Lalitha Raghuram</b> Age: 53 years Designation : Director DIN: 07161344 D/o: Mr. Krishna Sastry Venkatraman Address: B1, Ground Floor, Sidharta Enclave, Sri Ram Nagar, Road No.12, Banjara Hills, Hyderabad – 500 034 Occupation: Service</p>	<p>Nagarjuna Oil Refinery Limited</p>
<p><b>Mr. D Ranga Raju</b> Age: 81 years Designation : Director DIN: 00066546 S/o: Late Mr. D Raghava Raju Address: 503, A-Block, Paradise Apartments Seethammadara, Visakhapatnam – 530013</p>	<p>Nagarjuna Agrichem Limited Bhagiradha Chemicals and Industries Limited Vijaynagar Biotech Private Limited Vijaynagar Investments Vijaynagar Process Foods Nagarjuna Oil Refinery Limited  Vijayanagar Food Y Nutraceuticals Private Limited</p>

Occupation: Retired Professional	Vijanagar Investments & Infra Developers Private Limited
<b>Mr. Anilkumar Radhakrishna Pullattu</b> Age: 45 years Designation : Nominee Director DIN: 06802394 S/o: Mr. Radhakrishnan Narayanan Pullattu  Address: Villa 55, LGCL, Ashlar Kasavanahalli Main Rd. Choodasandra Village  Bangalore, Karnataka – 560 099 Occupation: Service	ICICI Kinfra Limited
<b>Mr. Arjun Kumar Arora</b> Age: 73 years (March 13, 1943) Designation : Independent Director DIN : 03352668 S/o: Late Mr. Udho Das Address: 26/8, Punjabi Bagh Extn. New Delhi – 110 026 Occupation: Retired Professional	Tata Petrodyne Limited Dynasty Oil and Gas Private Limited

#### **Mr. K S Raju**

Mr. K S Raju graduated in Mechanical Engineering from University of Mysore in 1973. He started his professional career as Project Manager in NSL Limited (formerly Nagarjuna Steels Limited and now merged with Pennar Steels Limited). He became the Whole-time Director of NFCL in the year 1987 and was appointed as Managing Director in 1993 and was also appointed as Vice Chairman of NFCL in 1994. Thereafter, he became the Chairman and Managing Director of Erstwhile NFCL in the year 2006. Under his leadership, the Nagarjuna Group has made its presence felt in Agri Business and also ventured into Refinery sectors.

#### **Mr. S. R Ramakrishnan**

Mr. S R Ramakrishnan is a B.E. (Mech.) Hons. He retired as Director (Commercial), Steel Authority of India Limited, New Delhi. He has rich and varied experience in management of large coke plants with Fertilizers and Coal Chemicals recovery as by-products.

#### **Dr. N C B Nath**

Dr. N C B Nath is a Ph.d in Economics from Madras University and a Law Graduate from Bombay University. He has had rich and varied corporate experience both in private sector as well as public enterprises like State Trading Corporation,, SAIL, BHEL, NALCO etc. He has done extensive research work as well as teaching assignments in well known institutions like IIM, Ahmedabad, International Management School, Boston University, IIM, Bangalore, Management Development Institute, Gurgaon. He was formerly a research advisor of National Council of Economic Research (NCER), Delhi.

### **Mr. Chandra Pal Singh Yadav**

He is a Doctorate and a Law Graduate. Mr. Chandra Pal Singh, Member of Rajya Sabha is a grass-root Corporator. He has been Member of Legislative Assembly, UP. Mr Singh is associated with various leading organizations like Indian Farmers Fertiliser Cooperative Limited (IFFCO), National Agricultural Cooperative Marketing Federation of India Limited (NAFED), The National Cooperative Union of India (NCUI), IFFCO-TOKIO General Insurance Co. Ltd. (ITGI), Gramin Vikas Trust (GVT), Gujarat State Energy Generation Ltd. (GSEG), KRIBHCO-Shyam Fertilizers Ltd. (KSFL) etc. to name a few. He was also Chairman of the UP Cooperative Marketing Federation (PCF) and Bundelkhand Vikas Nigam. He has traveled extensively abroad on study tours as a Corporator and as a farmer.

### **Mr. M P Radhakrishnan**

Mr. M P Radhakrishnan, is a Post Graduate in Commerce and a Law Graduate and has also done CAIIB (India) and AIB (London). Mr. M P Radhakrishnan has over 45 years of professional experience. He started his career as a Probationary Officer with State Bank of India and retired as Chairman of the Bank. Worked as a practical Banker dealing with deposits, advances, setting-up of systems and procedures to avoid frauds and increase profitability.

### **Mr. K Rahul Raju**

Mr. K Rahul Raju entered the Group as the Head of Nagarjuna Group's Emerging Business initiatives from 1997 to 2000. In the year 2000 he started Bijam Biosciences Ltd and was its CEO for 4 years. The company had several firsts to its record. When Erstwhile NFCL had entered CDR, Mr. K Rahul Raju was asked to join Erstwhile NFCL as Director – Business Development and Strategic Planning since 2004 in order to help steer the company back to profitability. Several initiatives under his leadership have resulted in the company's re-emergence as a formidable player in the Indian Fertilizer Industry. The Company has since achieved significant growth in top line and bottom line. He was later appointed to the position of Joint Managing Director of erstwhile NFCL w.e.f. November 1, 2008. Mr. Rahul Raju has been appointed as Managing Director of NFCL effective August 1, 2011.

### **Mr. Shailendra Govind Nadkarni**

Mr. Shailendra G Nadkarni, born in 1964, holds a post graduate degree in Civil Engineering (Civil Structures) from Mumbai University. Before his current employment with IDBI Bank, he worked with Bombay Port Trust for about 4 years. He joined erstwhile Industrial Development Bank of India (IDBI), a Development Finance Institution (DFI) in the year 1993 as Manager in Project Finance Department. He dealt with Large Corporate accounts. He was associated with financing and restructuring related to Steel Industry during 1998-2004. In 2004-05, he worked with a group that ensured smooth conversion of DFI into Commercial Bank, setting up Stressed Assets Stabilisation Fund and merger of IDBI Bank (erstwhile subsidiary) into IDBI Ltd. After stints in HR Department and CMD Secretariat during 2005-07, he moved on to steer Cash Management Services & Government Business Group till 2011. Thereafter, he was reposed with responsibility as Regional Head, Mid Corporate Group, New Delhi. On his elevation as Chief General Manager in October 2015, he is heading the Human Resources Department of IDBI Bank. He has wide experience in Project Finance, Corporate Finance. He is also a Certified Associate of the Indian Institute of Bankers."

### **Mr. O Ramesh Babu**

Mr. O.Ramesh Babu is a Post Graduation in Commerce (Specialisation in Banking) from Andhra University, Visakhapatnam in 1982. He joined in Vysya Bank as Probationary Officer in 1985 and has worked in various branches in Andhra Pradesh as Manager till 2001. Afterwards he joined in IFCI in 2001 as Manager (Resources) and at present working as Deputy General Manager. He has an experience of thirty years in both banking and financial institution.

### **Ms. Lalitha Raghuram**

Ms. Lalitha Raghuram is the Country Director of MOHAN Foundation which is a not-for-profit, non-governmental organization started to promote organ donation. She has recently been elected as an "Ashoka Fellow" with formal induction on February 27, 2015 in Delhi. Ashoka is one of largest networks of social entrepreneurs worldwide that recognizes individuals that create large-scale impact through new innovations to solve social problems. Ms. Lalitha

Raghuram has played a pivotal role in bringing together all the stakeholders in building a culture of eye and organ donations in India. She brings substantial managerial and administrative experience in view of her present role.

**Mr. D Ranga Raju**

Mr. D Ranga Raju is a commerce graduate and has over 42 years of work experience in manufacturing and marketing of fertilizers and agrochemicals.

**Mr. Anilkumar Radhakrishna Pullattu**

Mr. P R Anil Kumar is an Engineer with Master's Degree in Financial Management and has a career in banking with over twenty experience Corporate & Investment Banking, SME Banking and Microfinance. He is presently the Joint General Manager (Corporate Banking) at ICICI Bank Limited, Bangalore and manages corporate and mid-market clients – both domestic and MNCs.

**Mr. Arjun Kumar Arora**

Mr. Arjun Kumar Arora is a Post Graduate in Petroleum Refining and Petrochemicals, 1965, Indian Institute of Petroleum, Dehradun, in collaboration with Institute of Petroleum France. Mr. Arjun Kumar Arora superannuated from the Indian Oil Corporation Limited (IOCL), a Fortune 500 company of Maharatna status, as its Director (Refineries) and Director (In Charge) Assam Oil Division, having served the Board of IOCL as a whole time director for over 8 years from January 1995 to March 2003. He concurrently worked as Director (Pipelines) & Director (R&D) till 1998. Additionally he also served as Nominee Director on the Board of Chennai Petroleum Corporation Limited. He has steered the Petroleum Federation of India (PetroFed), India's apex advocacy body of the Oil and Natural Gas Sector, as its Director General for 12 years from August 2003 to August 2015 and separated as Advisor PetroFed on September 30, 2015.

**Interest of Directors**

The Directors have no interest in the transactions of the Company, otherwise than as directors of the Company except that mentioned below as on March 31, 2015:

*Particulars of Contracts / Arrangement made with Related Parties*

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 – Form AOC-2)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nagarjuna Foundation	Mrs. K Lakshmi Raju*		Nagarjuna Agrichem Limited	Mr. K Rahul Raju	Nagarjuna Impex
Nature of contracts/arrangements/transactions	Contribution towards Corporate Social Responsibility	Lease agreement	Lease agreement	Lease agreement	Lease agreement	Lease agreement
Duration of the contracts / arrangements/transactions	Financial Year 2015-16	2 years with effect from April 1, 2016	2 years with effect from April 1, 2016	1 year with effect from April 1, 2016.	3 years with effect from April 1, 2014	2 years with effect from April 1, 2016
Salient terms of the contracts or arrangements or transactions including the value, if any:	Contribution to Nagarjuna Foundation towards CSR aimed to make contributions in the field of education, sports, healthcare and community welfare activities.  ` 2 Crores	Lease agreement entered for premises at Flat No.402, Om Shanthi, Swastik Society, JVPD Scheme, Mumbai – 400 056  Lease Rental- `2,14,690/- per month	Lease agreement entered for premises at Flat No.302, Om Shanthi, Swastik Society, JVPD Scheme, Mumbai – 400 056  Lease Rental- `1,28,313/- per month	Lease agreement for premises at Plot No. 162/B, IDA Bollaram, Jinnaram Mandal, Medal District, Andhra Pradesh  Lease rentals - `50,000 per month.	Lease agreement for premises at Lakshmi Towers – B, Plot No 16, 17, 17A and 17B, Nagarjuna Hills, Hyderabad  Lease rentals - `30/- to `85/- per sq.ft amounting to ` 41,04,300 /- per month	Lease agreement for premises at No.510, 3rd A Cross, 2nd Main Block, 3rd Block, Raj Mahal Vilas - II, Dollars Colony, Bangalore – 560 094  Lease rentals - ` 1,75,000/- per month
Date(s) of approval by the Board, if any	May 16, 2015	March 31, 2016	March 31, 2016	March 31, 2016	July 30, 2014	March 31, 2016
Amount paid as advances, if any:	-	` 50,00,000/-	` 35,00,000/-	` 50,000/-	2,46,25,800/-	5,00,000/-

\* - Relative of Mr. K S Raju and Mr. K Rahul Raju respectively.

### **Compensation of Managing Director/ Whole Time Director:**

#### **Remuneration payable to Mr. K S Raju, Chairman**

- Salary: Salary including Dearness Allowance and all other allowances – ` 2.5 lacs per month
- Commission: 0.5% of the net profits of the company, limited to his annual salary.
- Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.

#### **Remuneration payable to Mr K Rahul Raju, Managing Director**

- Salary: Salary including Dearness Allowance and all other allowances – ` 2.5 lacs per month
- Commission: 0.5% of the net profits of the company, limited to his annual salary.
- Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.

In view of the defaults committed by the Company to the lenders for reasons beyond the control of the company in view of the non-receipt of subsidy and non-receipt of Natural Gas from GAIL and also in view of blast in the gas pipeline at Nagaram, Kakinada, the Company had made applications to the Central Government for approval of payment of managerial remuneration

The company had made applications in March '2015 for waiver of excess managerial remuneration paid to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director for the period April 1, 2013 to March 31, 2014. The Central Government vide its letters dated September 8, 2015 approved the applications of the company and permitted waiver of excess remuneration paid to the said managerial personnel for the period April 1, 2013 to March 31, 2014.

The company also made applications in March '2015 for waiver of excess managerial remuneration paid to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, for the period April 1, 2014 to July 31, 2014. The Central Government vide its letters dated November 2, 2015, permitted payment of 50% of the remuneration paid to Mr. K S Raju Chairman and Mr. K Rahul Raju Managing Director for the period April 1, 2014 to July 31, 2014, and directing the Company to recover the balance 50% from the concerned Managerial Personnel. The Company has recovered the remuneration from Mr. K S Raju and Mr. K Rahul Raju for the period April 1, 2014 to July 31, 2014 on March 30, 2016

The company had also made applications for payment of managerial remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, for the period August 1, 2014 to July 31, 2017. The MCA has approved the applications.

### **Corporate Governance**

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

### 1. Shares And Debentures Committee

The Shares and Debentures Committee consists of:

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

#### Terms of reference:

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

### 2. Stakeholders Relationship Committee

The Stakeholders Relationship Committee consists of

Name of the Member	Category
Dr. N C B Nath	Chairman
Mr. Shailendra Govind Nadkarni	Member
Mr. M P Radhakrishnan	Member

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 and
- all such complaints directly concerning the shareholders / investors as stakeholders of the Company.
- and such other matters that may be considered necessary in relation to shareholders, debenture holders and investors of the Company.

### 3. Management Committee

The Management Committee consists of

Name of the Member	Category
Mr. K S Raju	Chairman
Dr. NCB Nath	Member
Mr. M P Radhakrishnan	Member
Mr. S R Ramakrishnan	Member
Mr. K Rahul Raju	Member
Mr. Shailendra Govind Nadkarni	Member

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 `Five crores upto `Ten Crores per proposal, excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.

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

#### 4. Audit Committee

The Audit Committee of Directors consists of well qualified and Independent Directors. Presently it comprises of six members, and complies with the stipulation that two thirds of the members shall be Independent Directors. All the members of the committee possess adequate knowledge of finance and accounts. The scope of the activities of the committee, are in conformity as are set out in Regulation 18(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 177 of the Companies Act, 2013

The Audit Committee consists of:

Name of the Member	Category
Dr. NCB Nath	Chairman
Mr. S R Ramakrishnan	Member
Mr. K S Raju	Member
Ms. Lalitha Raghuram	Member
Mr. Arjun Kumar Arora	Member

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

The quorum is two independent members present in person.

#### Terms of Reference

- 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 judgment 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.

## 5. Banking Committee

The Banking Committee consists of

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

The quorum is two members present in person.

### Terms of reference:

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

## 6. Investment Committee

The Investment Committee consists of:

Name of the Member	Category
Mr. K S Raju	Chairman
Mr. M P Radhakrishnan	Member
Mr. K Rahul Raju	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 dis-invest or pledge the securities such as shares, debentures, government bonds, etc., held by the Company in its name from time to time and do all such acts, deeds and things that are necessary in this regard

## 7. Nomination And Remuneration Committee

The Nomination and Remuneration Committee consist of

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

The quorum is two members present in person.

### 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.

## 8. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee consists of:

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

The quorum is two members present in person.

### 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.

## 9. Risk Management Committee

The Risk Management Committee consists of:

Name of the Member	Category
Dr. N C B Nath	Chairman
Mr. M. P. Radhakrishnan	Member
Mr. S. R. Ramakrishnan	Member
Mr. Shailendra Govind Nadkarni	Member
Mr. K S Raju	Member
Mr. K Rahul Raju	Member
Mr. Arjun Kumar Arora	Member

**Terms of Reference:**

1. To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the company.
2. 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 Minimization 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.

**Compliance Report on Corporate Governance**

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)	No The total strength of the Board is Twelve(12) consisting of Two (2) Executive Directors including the Chairman, Five (5) Independent Directors and Five (5) Nominee Directors. The company is in the process of identifying suitable One (1) Independent Directors for appointment to the Board to 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
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	21(1),(2),(3),(4)	Yes

Particulars	Regulation Number	Compliance status (Yes/No/NA)
committee		
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

#### Change in Board of Directors in last three years

Name of Director	Date of Appointment	Remarks	Date of Cessation	Remarks
Mr. Anish Babu	30.1.2014	Nominee - IFCI	13.2.2015	Withdrawal of nomination
Mr. Sambasiva Rao	29.05.2014	Alternate Director to Mr. Chandra Pal Singh Yadav	N.A.	N.A.
Mr. Viney Kumar	21.4.2014	Nominee – IDBI	26.08.2014	Withdrawal of nomination
Mr. Shailendra Govind Nadkarni	26.08.2014	Nominee – IDBI	26.08.2014	
Mr. Pawan Kumar	13.02.2015	Nominee - IFCI	N.A.	N.A.
Mr. Ranga Raju	25.03.2015	Independent Director	N.A.	N.A.
Ms. Lalitha Raghuram	18.04.2015	Independent Director	N.A.	N.A.
Mr. Anil Kumar PR	28.07.2015	Nominee - ICICI	N.A.	N.A.
Mr. Arjun Kumar Arora	03.11.2015	Independent Director	N.A.	N.A.
Mr. Pawan Kumar		Nominee - IFCI	27.04.2016	Withdrawal of nomination
Mr. O Ramesh Babu	27.04.2016	Nominee - IFCI		

N.A. – Not Applicable

#### Date of expiration of current term of office of directors

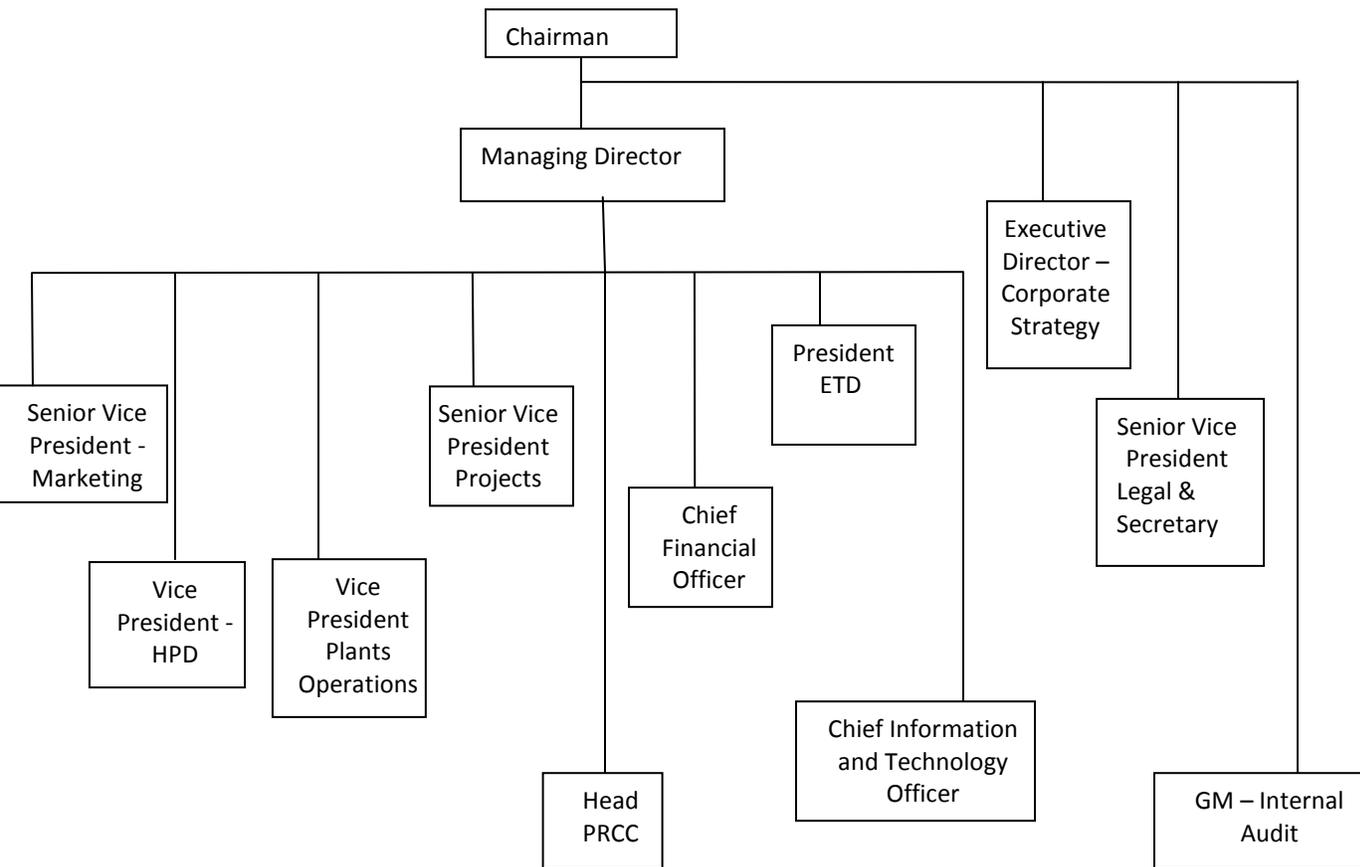
Mr. K S Raju and Mr. K Rahul Raju were appointed as Chairman and Managing Director respectively on June 17, 2011 with effect from August 1, 2011 for a period of 3 years and subsequently re-appointed for a period 3 years with effect from August 1, 2014.

#### Shareholding of Directors - NIL

## Employees

In addition to the key management personnel as described above, there are 1,764 employees on the rolls of the Company as on March 31, 2015. Pursuant to the Scheme, certain employees from Erstwhile NFCL and iKisan have been transferred to the Company and consequently the number of employees of the Company has increased.

## Organisational Structure



### Note:

HPD – Human Potential Development; PRCC – Public Relations and Corporate Communications; ETD – Emerging Technologies Division; GM – General Manager

## Interest of the Directors

All the Directors may be deemed to be interested only to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of reimbursement of expenses payable to them under the Articles.

The Directors may also be regarded as interested in the shares held and subscribed by or allotted/ transferred to the Companies, firms and trust, in which they are interested as directors, Members, Partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by NFCL with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Further, the Directors are interested to the extent of Equity Shares that they are holding including the shares allotted to them pursuant to the Scheme of Arrangement, and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Except as stated otherwise in this IM, the Company has not entered into any contract, agreements or arrangements since incorporation in which the Directors are directly or indirectly interested.

## PROMOTER & PROMOTER GROUP AND GROUP COMPANIES

Present promoter of our Company is Amlika Mercantile Private Limited

### Details about Amlika Mercantile Private Limited

Amlika Mercantile Private Limited was incorporated under the provisions of Companies Act, 1956 on October 05, 2012. The CIN No. of the Company is U52500MH2012PTC236514. The Registered Office of the company is situated at A/4-202, Milan Nagar, Social Nagar, Kalakilla, Sangam Gully, Dharavi, Sion Mumbai – 400017. Amlika Mercantile Private Limited is engaged in the business of Trading, Distribution, Marketing etc. - Yes

Directors of the company as on date of IM are:

Name of the directors	Status
Kollu Venkata Srinivasa Rao	Director
Srinivas Reddy Erukonda	Director

Shareholding Pattern as on date of IM

Shareholders	No. of Equity Shares of `10/- each	Shareholding (%)
S Trade Asia Pacific PTE Ltd (Non Resident Company)	99,999	99.00%
K Veda Raju (Nominee of S Trade Asia Pacific Pte Ltd)	1	0.01%
K Rahul Raju	1,000	0.99%
TOTAL	1,01,000	100.00%

Financial Information

(` In lacs)

Particulars	2014-15	2013-14	2012-13
Sales	1514.92	434.53	13.63
Other Income	12.56	6.17	0.12
PAT	(113.52)	(34.44)	0.19
Share Capital	10.10	10.00	1.00
Reserves	96347.74	95788.21	0.13
EPS	(112)	(34)	2

### **Other confirmations**

There has been no change in control or management of Amlika Mercantile Private Limited during the last three years. Amlika Mercantile Private Limited is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years.

None of the Promoter Entities of Amlika Mercantile Private Limited or persons in control of Amlika have been (1) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority (2) refused listing of any securities issued by such entities by any Stock Exchange in India or outside India.

No application has been made to ROC for striking of its name. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative net worth.

## GROUP COMPANIES

### Subsidiary Companies

#### 1. Jaiprakash Engineering and Steel Company Limited (JESCO)

Jaiprakash Engineering and Steel Company Limited (JESCO) was incorporated in Kanpur, Uttar Pradesh on September 21, 1984 as Jaiprakash Associate Constructions Limited Pursuant to the special resolution passed on 25/05/1992 by the shareholders of the company in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government the name of the company was changed to Jaiprakash Engineering and Steel Company Limited. The company shifted its registered office from the state of Uttar Pradesh to the state of Karnataka which was confirmed by an order of Company Law Board Bench bearing date 28/07/1993. The CIN of the Company U00337KA1993PLC014694. The Company proposed to set-up a integrated 2 million tones steel plant at Mangalore in Karnataka. The project was shelved on the advice of the financial institutions.

JESCO's registered office is situated at No.510, 3rd A Cross 2nd Main, 3rd Block, Raj Mahal Vilas II, Dollars Colony, Bangalore – 560 094.

#### Directors of the company are:

Name of the Directors	Status
Mr. Kanumuru Satyanarayana Raju	Director
Mr. P P Singh	Director
Mr. K Soma Raju	Director
Mr. Y Vijayanand	Director
Mr. C B Mouli	Director

#### Shareholding pattern of JESCO as on March 31, 2015 is as follows:

Sl.No	Name	No of Shares held of `10/- each	% of holding
1.	Nagarjuna Fertilizers and Chemicals Limited	2,25,61,693	99.84
2.	Amlika Mercantile Private Limited	28,880	0.13
3.	Mr. K Rahul Raju	6,626	0.03
4.	Mr. A Vyasa Maheshwara Rao	1	0.00
5.	Mr. T V Dwarakanath	1	0.00
6.	Mr. A N Chidambar	1	0.00
7.	Mr. M Ramakanth	1	0.00
	<b>Total</b>	<b>2,25,97,203</b>	<b>100</b>

#### Audited Financial data

(in `)

Particulars	2015-16	2014-15	2013-14
Sales	-	-	-
Other Income	142134	137110	126075
PAT/(Loss)	(780959)	(179509)	(156808)
Equity Share Capital	225972030	225972030	225972030
Reserves & Surplus	(46257903)	(45476944)	(45297435)
EPS (`)	(0.035)	(0.008)	(0.007)

Please refer to page no. 187 for the litigation of JESCO.

JESCO is not a Sick Industrial Company within the meaning of the SICA.

## 2. Nagarjuna Industrial Services and Investments Private Limited (NIS IPL)

Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) was incorporated as a limited liability company incorporated on April 20, 2010 as Nagarjuna Mauritius Private Limited and domiciled in Mauritius and NIS IPL has been granted a Category I Global License under the Financial Services Act, 2007. The registered address of the office is Suite G12, St. James Court, St. Denis Street, Port Louis. Mauritius.

### Directors of the company are:

Name of the Directors	Status
Mr. Virrsing Ramdeny	Director
Ms. Koosoom Newoor	Director
Mr. Ramakanth Malapalli	Director
Mr. Sudhir Bhansali	Director

### Shareholding pattern of NIS IPL as on March 31, 2016 is as follows:

Sl.No	Name	No of shares of Euro 100 each	% holding
1	Nagarjuna Fertilizers and Chemicals Limited	50,000	100
	<b>Total</b>	<b>50,000</b>	<b>100</b>

### Audited Financial data

(in EUR)

Particulars	2015-16	2014-15	2013-14
Sales	-	0	0
Other Income	1	7	456619
PAT/(Loss)	(18999)	(10455468)	431524
Equity Share Capital	5000000	5000000	5000000
Reserves & Surplus	(9236124)	(9217125)	1238343
EPS	(0.38)	(209.11)	8.63

NIS IPL has no litigations.

NIS IPL is not a Sick Industrial Company within the meaning of the SICA

### Step Down Subsidiary Company

#### ▪ Spawnt Private Sarl, Luxembourg (Spawnt)

Spawnt Private Sarl, Luxembourg, a wholly owned subsidiary of Nagarjuna Industrial Services and Investments Private Limited was incorporated in Luxembourg on March 29, 2010. Spawnt's registered office is situated at 7, rue Robert Stumper, L-2557, Luxembourg.

### Managers of the company are:

Name of the Managers	Status
Mr. M Ramakanth	Class A Manager
Mr. Christophe Gaul	Class B Manager

Shareholding pattern of Spawnt as on March 31, 2016 is as follows:

Sl.No	Name	No of shares of 25 Euro each	% of the holding
1	Nagarjuna Industrial Services and Investments Private Limited	8500	100
	<b>Total</b>	<b>8500</b>	<b>100</b>

#### Audited Financial data

(in EUR)

Particulars	2015-16	2014-15	2013-14
Sales	-	-	-
Other Income	-	-10000.00	10000.00
PAT/(Loss)	(858326.04)	(155376.29)	196398.88
Equity Share Capital	212500.00	212500.00	212500.00
Reserves & Surplus	(187652.35)	(670673.69)	(600259.84)
EPS	(100.98)	(18.28)	23.11

Spawnt has no litigations.

#### Associate Companies

##### 1 Nagarjuna Foundation

Nagarjuna Foundation (NF) was formed as non-profit organization under Section 25 of the provisions of Companies Act, 1956 (now Section 8 of Companies Act, 2013) on May 27, 1992 under CIN No. U80100AP1992NPL014292. The foundation is engaged in the activity of pursuing Corporate Social Responsibility activities for bringing into effect the Group's philosophy of "Serving Society Through Industry". A charter has been formulated in this regard wherein NFCL, NOCL and Nagarjuna Agrichem Limited (NACL) shall be undertaking this activity under the aegis of Nagarjuna Foundation. The foundation has made significant contributions towards education, sports, health care and community welfare.

NF's registered office is situated at Nagarjuna Hills, Punjagutta, Hyderabad.

#### Directors of the company are:

Name of the Directors	Status
Mr. K S Raju	Chairman
Mr. K Rahul Raju	Director

#### Shareholding Pattern of Nagarjuna Foundation as on March 31, 2015:

Sl.No	Name of the Shareholders	No of shares of 10/- each	% of holding
1	Mr. K Soma Raju	1	0.01
2	Mr. M Srinivas	1	0.01
3	Mr. A Vyasa Maheshwar Rao	1	0.01
4	Ms. K. Lakshmi Raju	1	0.01
5	Amlika Mercantile Private Limited	4,998	49.98
6	Mr. K Rahul Raju	4,998	49.98
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>

**Audited Financial data**

(in `)

Particulars	2014-15	2013-14	2012-13
Sales	-	-	-
Other Income - Donations Received	8006081	13364800	13392391
PAT/(Loss) / Excess of Income over Expenditure	(19876)	473021	(1298434)
PAT/(Loss)	(19876)	473021	(1298434)
Equity Share Capital	100000	100000	100000
Reserves & Surplus	454802	474678	1657
EPS (`)	(1.99)	47.30	(129.84)

NF has no litigations.

NF is not a sick industrial company within the meaning of the SICA.

**2 Nagarjuna Agricultural Research and Development Institute (NARDI)**

Nagarjuna Agricultural Research and Development Institute (NARDI) was formed as non-profit organization under Section 25 of the provisions of Companies Act, 1956 (now Section 8 of Companies Act, 2013) on November 28, 1995 under CIN No. U80100TG1995NPL022409. NARDI is presently not pursuing any activities.

NARDI's registered office is situated at Nagarjuna Hills, Panjagutta, Hyderabad, Telangana, India 500 082.

**Directors of the company are:**

Name of the Directors	Status
Mr. K S Raju	Chairman
Mr. P P Singh	Director
Mr. K Soma Raju	Director
Mr. Y Vijayanand	Director

**Shareholding pattern of NARDI as on March 31, 2015 is as follows:**

Sl. No	Name of the Shareholders	No of shares of `10/- each	% of the holding
1	Mr. K Soma Raju	5	Negligible
2	Mr. T V Dwarakanath	5	Negligible
3	Mr. D Srinath Raju	10	Negligible
4	Mr. K Rahul Raju	9020	9.01%
5	Ms Sangeetha Iyer	10	Negligible
6	Mr. A Vyas Maheswara Rao	10	Negligible
7	Nagarjuna Fertilizers and Chemicals Limited	25,020	25%
8	Amlika Mercantile Private Limited	66,000	65.95%
	<b>Total</b>	<b>100080</b>	<b>100</b>

**Audited Financial data**

(in `)

Particulars	2015-14	2014-13	2013-12
Sales	0	0	0
Other Income	0	0	35,000
PAT/(Loss)	(1535)	(493283)	14,999
Equity Share Capital	1000800	1000800	1000800
Reserves & Surplus	13883302	19394040	21070019
EPS (`)	(0.02)	(4.93)	0.15

NARDI has no litigations

NARDI is not a Sick Industrial Company within the meaning of the SICA.

**3 KVK Raju International Leadership Academy (KVKILA)**

KVK Raju International Leadership Academy (KVKILA) was formed as non-profit organization under Section 25 of the provisions of Companies Act, 1956 (now Section 8 of Companies Act, 2013) on November 28, 1995 under CIN No. U80101TG1995NPL022410. KVKILA is presently not pursuing any activities.

KVKILA's registered office is situated at Nagarjuna Hills, Punjagutta, Hyderabad – Telangana India 500082

**Directors of the company are:**

Name of the Directors	Status
Mr. K S Raju	Chairman
Mr. M B Raju	Director
Mr. K Rahul Raju	Director

**Shareholding pattern of KVKILA as on March 31, 2016 is as follows:**

Sl. No	Name of the Shareholders	No of shares of `10/- each	% of the holding
1.	Mr. K S Raju	1,50,010	42.85%
2.	Mr.K Rahul Raju	10	Negligible
3.	Mr. M Srinivas	10	Negligible
4.	Mr. K Soma Raju	10	Negligible
5.	Mr. Vyasa Maheswara Rao	10	Negligible
6.	Mr. T V Dwarakanath	10	Negligible
7.	Ms Sangeetha Iyer	10	Negligible
8.	Nagarjuna Agrichem Limited	50,000	14.28%
9.	Nagarjuna Fertilizers and Chemicals Limited	1,50,000	42.85%
	<b>Total</b>	<b>3,50,070</b>	<b>100%</b>

**Audited Financial data**

(in ` )

<b>Particulars</b>	<b>2015-14</b>	<b>2014-13</b>	<b>2013-12</b>
Sales	0	0	0
Other Income	0	0	0
PAT/(Loss)	(7449)	( 1534)	( 6825 )
Equity Share Capital	3,50,700	3,50,700	3,50,070
Reserves & Surplus	4433463	(4,426,014)	(4,424,480 )
EPS ( ` )	(0.02)	(0.00)	(0.02)

KVKILA has no litigations

KVKILA is not a Sick Industrial Company within the meaning of the SICA.

## **DIVIDEND POLICY**

There is no set dividend payment policy. Dividend is intended to be declared based on the quantum and availability of future profits and will be disbursed based on shareholder approval based on the recommendation of the Board of Directors.

## SECTION V – FINANCIAL INFORMATION \*

To,  
The Board of Directors  
Nagarjuna Fertilizers and Chemicals Limited  
Door No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082

Dear Sirs,

### **Re: Disclosure of comparable audited financial statement to be included in the Information Memorandum**

The statement annexed to this report has been prepared exclusively for inclusion in the Information Memorandum to be filed with Bombay Stock Exchange and National Stock Exchange pursuant to Composite Scheme of Arrangement and Amalgamation under section 391 to 394 of the Companies Act, 1956 between iKisan Limited and Kakinada Fertilizers Limited (since renamed as Nagarjuna Fertilizers and Chemicals Limited, herein after referred to as “NFCL”/ “the Company”) and the erstwhile Nagarjuna Fertilizers and Chemicals Limited ( since dissolved without winding up) and Nagarjuna Oil Refinery Limited and their respective shareholders & creditors, sanctioned by the High Court of Judicature of Bombay at Mumbai and the High Court of Judicature of Andhra Pradesh at Hyderabad vide their orders dated June 17, 2011 and June 27, 2011 respectively

The accompanying financial information, expressed in Indian Rupees, in lakhs, of the Company comprising the financial information as detailed in Annexure, has been extracted from the audited financial statements and prepared in accordance with the SEBI Circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 03, 2009 and Part B of SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 requiring disclosure of financial statement to the shareholders.

A comparable financial statement comprising Statement of Assets and liabilities, Statement of Profit and Loss and Cash Flow Statement along with the notes to accounts for the financial years ended on March 31, 2016, 2015, 2014, 2013 and 2012 have been reproduced from the Annual Reports for the respective years. Further, the significant accounting policies of the Company for the financial year ended March 31, 2016 have been disclosed in the accompanying comparable financial statement for information of shareholders.

This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us on the financial statements of the Company.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is being issued by us at the specific request of the Company for the specific purpose stated herein above. It shall not be used, applied, submitted as it is or part of any other document for any other purpose without our consent in writing.

Yours faithfully,

**For M. Bhaskara Rao & Co**  
**Chartered Accountants**  
**Firm Registration No: 000459S**

**P.Swathi**  
**Partner**  
**Membership No.: 513946**  
**Hyderabad, May 20, 2016**

*\* - The Audited Annual Accounts for the Financial Year 2015-16 shall be presented to the Members for adoption at the ensuing Annual General Meeting.*

Summary of Standalone Balance Sheet, Profit & Loss Account and Cash Flow statement for the last five financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 are as follows:

A. Summary of Balance Sheet for last five financial years

Rs. in lakhs					
Particulars	31/3/2016	31/3/2015	31/3/2014	31/3/2013	31/3/2012
<b>I. EQUITY AND LIABILITIES</b>					
<b>1) Shareholders' Funds</b>					
(a) Share Capital	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
(b) Reserves and Surplus	153,195.06	164,596.25	208,659.45	232,021.81	223,890.90
Sub total	159,175.71	170,576.90	214,640.10	238,002.46	229,871.55
<b>2) Share application money pending allotment</b>					
<b>2) Non-Current Liabilities</b>					
(a) Long-Term Borrowings	70,934.96	18,885.21	19,177.37	34,600.98	51,766.32
(b) Deferred Tax Liabilities (Net)	6,838.54	8,446.27	8,509.11	19,200.90	18,547.09
(c) Other Long Term Liabilities	7,384.47	5,279.30	14,506.12	4,098.84	3,842.12
(d) Long-Term Provisions	443.32	374.48	2,041.51	1,865.28	1,440.24
Sub total	85,601.29	32,985.26	44,234.11	59,766.00	75,595.77
<b>3) Current Liabilities</b>					
(a) Short-Term Borrowings	93,437.41	100,259.24	121,453.71	251,219.25	153,508.61
(b) Trade Payables					
(A) Micro, Small, Medium Enterprises (MSMEs)	4.36	-	-	-	-
(B) Other than MSMEs	165,531.70	101,225.41	87,749.75	40,713.16	61,642.63
(c) Other Current Liabilities	16,788.54	24,082.46	20,803.50	33,850.77	28,079.23
(d) Short-Term Provisions	127.64	297.57	3,636.79	1,992.21	7,045.10
Sub total	275,889.65	225,864.68	233,643.75	327,775.39	250,275.57
<b>Total</b>	<b>520,666.65</b>	<b>429,426.84</b>	<b>492,517.96</b>	<b>625,543.85</b>	<b>555,742.89</b>
<b>II. ASSETS</b>					
<b>1) Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	275,744.41	283,236.11	298,735.13	306,667.18	316,317.17
(ii) Intangible Assets	2,457.00	2,948.40	3,439.80	3,931.20	4,422.60
(iii) Capital work-in-progress	708.61	307.47	3,012.49	632.15	86.65
(b) Non-Current Investments	1,803.29	2,615.53	5,293.67	5,311.17	5,311.17
(c) Long-Term Loans and Advances	2,616.96	1,808.32	1,924.35	2,217.07	1,060.37
(d) Other Non-Current Assets	-	28.47	35.74	445.72	183.00
Sub total	283,330.27	290,944.30	312,441.18	319,204.49	327,380.96
<b>2) Current Assets</b>					
(a) Inventories	22,815.72	16,480.42	25,120.84	24,331.00	22,749.63
(b) Trade Receivables	198,999.44	107,036.97	132,952.92	243,900.97	173,585.86
(c) Cash and Bank balances	9,436.25	7,779.36	9,300.71	32,521.17	28,020.16
(d) Short-Term Loans and Advances	5,573.17	6,934.81	12,337.34	4,548.09	3,583.28
(e) Other Current Assets	511.80	250.98	364.97	1,038.13	423.00
Sub total	237,336.38	138,482.54	180,076.78	306,339.36	228,361.93
<b>Total</b>	<b>520,666.65</b>	<b>429,426.84</b>	<b>492,517.96</b>	<b>625,543.85</b>	<b>555,742.89</b>

**B. Summary of Profit & Loss statement or last five financial years**

Rs. in lakhs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Income</b>					
Revenue from operations					
Sale of products (including Subsidy)	365,661.86	252,675.49	344,451.88	547,762.39	498,830.78
Sale of Services	1,027.56	805.83	999.70	1,466.91	1,065.51
Other Operating Revenues	212.63	264.76	249.25	109.18	217.59
	366,902.05	253,746.08	345,700.83	549,338.48	500,113.88
Less: Excise Duty	725.42	593.80	857.70	876.81	885.89
	366,176.63	253,152.28	344,843.13	548,461.67	499,227.99
Other Income	2,849.39	4,099.43	3,228.96	3,225.34	2,943.21
Total	<b>369,026.02</b>	<b>257,251.71</b>	<b>348,072.09</b>	<b>551,687.01</b>	<b>502,171.20</b>
<b>Expenses</b>					
Cost of materials consumed	115,434.30	59,862.55	71,379.86	74,745.93	63,822.35
Purchase of Traded Products	87,364.19	106,685.24	144,382.62	308,514.82	305,717.81
(Increase) / Decrease in Stock	(6,008.03)	(5,038.02)	1,339.85	(857.17)	(15,634.06)
Power and Fuel	86,400.40	39,745.60	47,953.39	45,003.82	39,726.85
Employee Benefits Expense	14,735.61	13,773.03	13,688.62	13,155.00	13,475.17
Finance cost	32,941.25	23,645.80	28,174.45	26,422.90	15,304.93
Depreciation and amortization	9,265.57	9,343.89	12,614.70	12,310.89	11,701.34
Other Expenses	41,089.58	32,337.59	40,948.55	56,168.05	44,989.01
Total	<b>381,222.87</b>	<b>280,355.68</b>	<b>360,482.04</b>	<b>535,464.24</b>	<b>479,103.40</b>
<b>Profit/(Loss) before exceptional and extra ordinary items and tax</b>	<b>(12,196.85)</b>	<b>(23,103.97)</b>	<b>(12,409.95)</b>	<b>16,222.77</b>	<b>23,067.80</b>
<b>Exceptional Items</b>	-	4,344.36	20,561.40	-	-
<b>Profit /(Loss) before extraordinary items and tax</b>	<b>(12,196.85)</b>	<b>(27,448.33)</b>	<b>(32,971.35)</b>	<b>16,222.77</b>	<b>23,067.80</b>
<b>Extraordinary Items</b>	812.24	8,715.07	-	-	-
<b>Loss before Tax</b>	<b>(13,009.09)</b>	<b>(36,163.40)</b>	<b>(32,971.35)</b>	<b>16,222.77</b>	<b>23,067.80</b>
<b>Tax Expense</b>					
(a) Current Tax	-	-	-	7,463.10	7,943.96
(b) Adjustments relating to earlier years	-	-	1,631.39	-	132.76
(c) Deferred Tax Debit / (Credit)	(1,607.73)	499.20	(10,691.79)	653.80	1,395.53
<b>Loss after tax</b>	<b>(11,401.36)</b>	<b>(36,662.60)</b>	<b>(23,910.95)</b>	<b>8,105.87</b>	<b>13,595.55</b>
<b>Earnings per equity share of face value of Rs 1/- each</b>					
Basic and Diluted	(1.91)	(6.13)	(4.00)	1.36	2.27

### C. Summary of Cash flow Statement for last five financial Years

	Rs in Lakhs				
	2015-16	2014-15	2013-14	2012-13	2011-12
<b>A. Cash Flow from Operating Activities</b>					
Net Profit before Tax	(13,009.09)	(36,163.40)	(32,971.35)	16,222.77	23,067.80
Adjustments:					
Depreciation/Amortisation	9,265.57	9,343.89	12,614.70	12,310.89	11,701.34
Impairment Loss	-	3,184.62	-	-	-
Provision for Doubtful Debts / Advances	149.49	3,694.90	-	-	-
Finance Cost	32,941.25	23,645.80	28,174.45	26,422.90	15,304.93
Dividend from Mutual Funds	-	-	-	-	(102.85)
Exchange fluctuations	-	300.47	-	-	-
Provision for Diminution in value of Investments	812.24	2,678.14	17.50	-	-
(Profit) /Loss on sale of assets (net)	177.08	1,684.09	471.15	(1.62)	58.90
<b>Operating Profit before working capital changes</b>	<b>30,336.54</b>	<b>8,368.51</b>	<b>8,306.45</b>	<b>54,954.94</b>	<b>50,030.12</b>
Movements in working capital:					
Increase/(decrease) in trade payables	58,492.97	2,840.61	85,078.86	41,379.33	50,183.08
Increase/(decrease) in Buyers/Suppliers credit	-	-	(167,259.22)	44,880.97	80,880.42
Increase/(decrease) in long term provisions	68.84	(1,667.03)	176.23	425.04	69.52
Increase/(decrease) in short term provisions	(169.93)	273.27	61.12	(530.26)	596.01
Increase/(decrease) in other current liabilities	(861.74)	1,288.95	(497.75)	162.91	1,927.51
Increase/(decrease) in other long term liabilities	2,105.17	130.76	549.70	256.72	1,819.99
Decrease/(increase) in trade receivables	(92,111.96)	25,435.47	110,948.05	(70,315.11)	(118,776.88)
Decrease/(increase) in inventories	(6,335.30)	8,640.42	(789.84)	(1,586.56)	(15,836.18)
Decrease/(increase) in long term loans and advances	(338.77)	(496.09)	(190.61)	(55.92)	(182.77)
Decrease/(increase) in short term loans and advances	1,487.17	2,188.10	(7,658.00)	(1,096.29)	(601.06)
Decrease/(increase) in other current assets	(260.82)	113.99	673.16	(609.94)	(276.59)
Decrease/(increase) in other non current assets	-	-	-	(262.72)	(3.26)
Cash generated from/(used in) operations	<b>(7,587.83)</b>	<b>47,116.96</b>	<b>29,398.15</b>	<b>67,603.11</b>	<b>49,829.91</b>
Direct Taxes Paid (net of refunds)	(125.36)	(3,612.49)	(47.93)	(5,034.87)	(8,663.60)
<b>Net cash flow from operating activities</b>	<b>(7,713.19)</b>	<b>43,504.47</b>	<b>29,350.22</b>	<b>62,568.24</b>	<b>41,166.31</b>
<b>B. Cash Flow from Investing activities</b>					
Purchase of fixed assets and CWIP	(2,337.88)	(2,252.88)	(6,581.06)	(3,646.44)	(5,871.34)
Amalgamation Expenses	-	-	-	-	(500.16)
Margin Money Deposits	(1,269.77)	(1,643.85)	12,578.30	(4,521.84)	(7,068.65)
Proceeds from Sale of fixed assets	7.32	21.73	21.65	3.71	12.12
Proceeds from Sale of Current Investments	-	-	-	-	9,213.24
Dividend received from Mutual Funds	-	-	-	-	102.85
<b>Net cash flow used in investing activities</b>	<b>(3,600.33)</b>	<b>(3,875.00)</b>	<b>6,018.89</b>	<b>(8,164.57)</b>	<b>(4,111.94)</b>
<b>C. Cash flow from Financing activities</b>					
Proceeds from Sales Tax Deferral	-	-	-	-	1,343.49
Proceeds from Short term borrowings	-	-	-	-	12,494.03
Proceeds from long term borrowings	61,249.47	5,000.00	1,375.38	24.00	4,875.57
Redemption of Preference share capital	-	-	-	-	(1,860.19)
Repayment of short term borrowings	-	-	-	(9,494.03)	(8,700.00)
Increase/(decrease) in Buyers/Suppliers credit	(1,004.14)	(11,195.95)	-	-	-
Repayment of long term borrowings	(15,282.46)	(13,990.00)	(17,070.10)	(16,549.83)	(17,226.85)
Finance Cost paid	(33,288.67)	(22,612.90)	(30,720.82)	(21,739.48)	(14,465.98)
Dividend Paid	(2.03)	(3.09)	(5.71)	(5,694.95)	(4,041.84)
Dividend Tax Paid	-	-	-	(970.21)	(694.65)
<b>Net cash flow used in financing activities</b>	<b>11,672.17</b>	<b>(42,801.94)</b>	<b>(46,421.25)</b>	<b>(54,424.50)</b>	<b>(28,276.42)</b>
<b>Net Increase/(decrease) in cash and Cash equivalents</b>	<b>358.65</b>	<b>(3,172.47)</b>	<b>(11,052.14)</b>	<b>(20.83)</b>	<b>8,777.95</b>
<b>Cash and cash equivalents as at 01.04.2012</b>	<b>3,282.65</b>	<b>6,455.12</b>	<b>17,507.26</b>	<b>17,528.09</b>	<b>8,750.14</b>
<b>Cash and cash equivalents as at 31.03.2013</b>	<b>3,641.30</b>	<b>3,282.65</b>	<b>6,455.12</b>	<b>17,507.26</b>	<b>17,528.09</b>

## Independent Auditors' Report

To  
The Members of  
Nagarjuna Fertilizers and Chemicals Limited

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Nagarjuna Fertilizers and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (here in referred to as "the Standalone Financial Statements").

### Management's responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its loss and its cash flows for the year ended on that date.

## Emphasis of Matter

Attention is invited to following notes to the Standalone Financial Statements:

- a) Note 20.1 regarding accounting of subsidy towards, reimbursement of additional fixed cost and production beyond reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III and, adjustment of input price escalation / de-escalation as detailed in the said note.
- b) Note 25.1 regarding Managerial remuneration, for the period from August 01, 2014 to March 31, 2016, for which the Company is in the process of obtaining approval from the Central Government.

Our opinion is not modified in respect of above matters.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of all pending litigations on its financial position in its Standalone Financial Statements – refer Note 30.1 to the standalone financial statements.
    - ii. The Company did not, as at March 31, 2016, have any material foreseeable losses relating to long-term contracts including derivative contracts.
    - iii. The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
2. As required by the Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

for M. Bhaskara Rao & Co.,  
Chartered Accountants  
Firm Registration No. 000459S

D.Bapu Raghavendra  
Partner  
Membership No. 213274

Hyderabad, May 12, 2016

**Re: Nagarjuna Fertilizers and Chemicals Limited  
Annexure A to the Independent Auditors' report  
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Nagarjuna Fertilizers and Chemicals Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk whether a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M. Bhaskara Rao & Co.,  
Chartered Accountants  
Firm Registration No. 000459S

D. Bapu Raghavendra  
Partner  
Membership No.213274

Hyderabad, May 12, 2016

## **Re: Nagarjuna Fertilizers and Chemicals Limited** ***ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT***

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) According to the information and explanation given to us, the said fixed assets have been physically verified by its management during the year in accordance with a programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
  - (c) According to the information and explanations furnished to us, and based on our review, title deeds of its immovable properties are not held in the name of the Company in respect of the land to the extent of 340.11 acres in 104 cases, situated in Nellore District, Andhra Pradesh, in the possession of the Company, pending registration of the titles thereto in its name.
- (ii) According to the information and explanations furnished to us, in respect of the company's inventories : Physical verification of inventories at plants and warehouses has been conducted by its management at reasonable intervals during the year. In our opinion, having regard to the nature of its business and location of its stocks, the frequency of verification is reasonable. Further, the discrepancies noticed on such verification, between the physical stocks and the respective records were not material in relation to the size of operations of the Company and the same have been properly dealt with in the books of account.

- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clauses (a), (b) and (c) of paragraph 3(iii) of the Order does not arise.
- (iv) According to the information and explanations furnished to us, the Company has not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties specified in the Sections 185 and 186 of the Companies Act, 2013, except monies advanced to Nagarjuna Oil Refinery Limited, pursuant to the Composite Scheme of Arrangement and Amalgamation referred to in Note 3 to the Standalone Financial Statements, which the Company has been legally advised does not come under the purview of the aforesaid sections.
- (v) According to the information and explanations furnished to us, the Company has not accepted any deposits from the public. Hence, reporting under the provisions of paragraph 3(v) of the Order does not arise.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Rules in force made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues, during the year under report:
- (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, and there were no amounts payable in respect of the aforesaid undisputed statutory dues in arrears, as at March 31, 2016, for a period of more than six months from the date they became payable.
- (b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax which have not been deposited as on March 31, 2016 on account of dispute are as below:

Nature of Statute	Nature of dues	Amount ( ` in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax	Tax	36.31	2014-2015	ITAT - Hyderabad (Appeals)
VAT	Tax/ penalty	463.71	2014-2015	High court- Madras

- (viii) According to the information and explanations furnished to us, the Company has defaulted in respect of the following dues on borrowings, as at March 31, 2016:

Lender	Type of Borrowing	Nature of Dues in arrears	Amount of default ` in Lakhs	Period of Default
IFCI Limited	15% NCD	Principal	163.01	91 Days
LIC of India	13.25% NCD	Principal	180.00	91 Days
IFCI Limited	10.25% NCD	Principal	382.88	103 Days
LIC of India	10.25% NCD	Principal	121.75	103 Days
IFCI Limited	10.25% NCD	Interest	133.80	103 Days
LIC of India	10.25% NCD	Interest	31.11	103 Days
IFCI Limited	Term Loan	Principal	224.01	91 Days
SICOM Limited	Term Loan	Principal	119.02	91 Days

- (ix) According to the information and explanations furnished to us, the Company has, during the year under report, applied the monies raised by it through term loans for the purposes for which they were raised. The

Company did not make any initial public offer or further public offer of any of its securities during the year under report.

- (x) According to the information and explanations furnished to us, no fraud by the Company, nor any fraud on the Company by any of its officers or its employees has been noticed or reported during the year under report.
- (xi) According to the information and explanations furnished to us by the company, the Company has, during the year under report, paid / provided for managerial remuneration in accordance with Section 197 read with Schedule V of the Companies Act 2013, in anticipation of necessary approvals pending from the Central Government pursuant to applications made by the Company. Refer Note 25.1 to the Financial Statements.
- (xii) In our opinion, reporting requirement under Paragraph 3(xii) of the order does not arise since, according to the information and explanations furnished to us, the Company is not a Nidhi Company.
- (xiii) According to the information and explanations furnished to us, the transactions entered into by the Company with its related parties are in compliance with the requirements of the provisions of Sections 177 and 188 of the provisions of the Companies Act 2013.
- (xiv) According to the information and explanations furnished to us, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year under report.
- (xv) According to the information and explanations furnished to us, the Company has not entered into any agreements for acquisition of assets from or for transferring its assets to its directors, or the directors of its subsidiary companies or persons connected with such directors, for a consideration other than cash, during the year under report.
- (xvi) In our opinion based on the information and explanations furnished to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for M. Bhaskara Rao & Co.,  
Chartered Accountants  
Firm Registration No. 000459S

D. Bapu Raghavendra  
Partner  
Membership No. 213274

Hyderabad, May 12, 2016

**Balance Sheet As At March 31, 2016**

` in Lakhs

Particulars	Note	As At March 31, 2016		As At March 31, 2015	
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	4	5,980.65		5,980.65	
(b) Reserves and Surplus	5	153,195.06	159,175.71	164,596.25	170,576.90
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	6	70,934.96		18,885.21	
(b) Deferred Tax Liabilities (Net)	7	6,838.54		8,446.27	
(c) Other Long Term Liabilities	8	7,384.47		5,279.30	
(d) Long-Term Provisions	9	443.32	85,601.29	374.48	32,985.26
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	10	93,437.41		100,259.24	
(b) Trade Payables	11				
(A) Micro, Small, Medium Enterprises (MSMEs)		4.36		-	
(B) Other than MSMEs		165,531.70		101,225.41	
(c) Other Current Liabilities	12	16,788.54		24,082.46	
(d) Short-Term Provisions	9	127.64	275,889.65	297.57	225,864.68
<b>Total</b>			<b>520,666.65</b>		<b>429,426.84</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets	13				
(i) Tangible Assets		275,744.41		283,236.11	
(ii) Intangible Assets		2,457.00		2,948.40	
(iii) Capital work-in-progress		708.61		307.47	
(b) Non-Current Investments	14	1,803.29		2,615.53	
(c) Long-Term Loans and Advances	15	2,616.96	283,330.27	1,808.32	290,915.83
<b>Current Assets</b>					
(a) Inventories	16	22,815.72		16,480.42	
(b) Trade Receivables	17	198,999.44		107,036.97	
(c) Cash and Cash equivalents	18	9,436.25		7,807.83	
(d) Short-Term Loans and Advances	15	5,573.17		6,934.81	
(e) Other Current Assets	19	511.80	237,336.38	250.98	138,511.01
<b>Total</b>			<b>520,666.65</b>		<b>429,426.84</b>
<b>Corporate Information and Significant Accounting Policies</b>	<b>1 &amp; 2</b>				
Accompanying Notes form an integral part of the Financial Statements					
As per our report of even date attached for <b>M. Bhaskara Rao &amp; Co.</b> Chartered Accountants				<b>For and on behalf of the Board</b>	
<b>D.Bapu Raghavendra</b> Partner			Chief Financial Officer		Directors
Hyderabad May 12, 2016		Secretary			

**Statement of Profit and Loss for the year ended March 31, 2016**

` in Lakhs

Particulars	Note	2015-16		2014-15	
<b>Income</b>					
Revenue from Operations					
Sale of Products (including Subsidy)		365,661.86		252,675.49	
Sale of Services		1,027.56		805.83	
Other Operating Revenues		212.63		264.76	
	<b>20</b>	366,902.05		253,746.08	
Less: Excise Duty		725.42	366,176.63	593.80	253,152.28
Other Income	<b>21</b>		2,849.39		4,099.43
Total			<b>369,026.02</b>		<b>257,251.71</b>
<b>Expenses</b>					
Cost of Materials Consumed	<b>22</b>		115,434.30		59,862.55
Purchase of Traded Products	<b>23</b>		87,364.19		106,685.24
(Increase) / Decrease in Stock	<b>24</b>		(6,008.03)		(5,038.02)
Power and Fuel			86,400.40		39,745.60
Employee Benefits Expense	<b>25</b>		14,735.61		13,773.03
Finance cost	<b>26</b>		32,941.25		23,645.80
Depreciation and Amortization	<b>13</b>		9,265.57		9,343.89
Other Expenses	<b>27</b>		41,089.58		32,337.59
Total			<b>381,222.87</b>		<b>280,355.68</b>
<b>Loss before exceptional items, extraordinary items and tax</b>			<b>(12,196.85)</b>		<b>(23,103.97)</b>
Exceptional Items	<b>29.1</b>		-		4,344.36
<b>Loss before extraordinary items and tax</b>			<b>(12,196.85)</b>		<b>(27,448.33)</b>
Extraordinary Items	<b>29.2</b>		812.24		8,715.07
<b>Loss before Tax</b>			<b>(13,009.09)</b>		<b>(36,163.40)</b>
<b>Tax Expense</b>					
(a) Current Tax			-		-
(b) Deferred Tax	<b>7</b>		(1,607.73)		499.20
<b>Loss after tax</b>			<b>(11,401.36)</b>		<b>(36,662.60)</b>
<b>Earnings per equity share of face value of ` 1/- each</b>					
Basic and Diluted	<b>33</b>		(1.91)		(6.13)
<b>Corporate Information and Significant Accounting Policies</b>	<b>1 &amp; 2</b>				

Accompanying Notes form an integral part of the Financial statements

As per our report of even date attached

**for M. Bhaskara Rao & Co.**

Chartered Accountants

**D.Bapu Raghavendr**

**For and on behalf of the Board**

**Cash Flow Statement for the year ended March 31, 2016**

` in Lakhs

	2015-16	2014-15
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	<b>(13,009.09)</b>	<b>(36,163.40)</b>
Adjustments:		
Depreciation/Amortisation	9,265.57	9,343.89
Provision for Impairment	-	3,184.62
Provision for Doubtful Debts / Advances	149.49	3,694.90
Finance Cost	32,941.25	23,645.80
Provision for Diminution in value of Investments	812.24	2,678.14
(Profit) /Loss on sale of assets / assets discarded/assets decapitalised	177.08	1,684.09
<b>Operating Profit before working capital changes</b>	<b>30,336.54</b>	<b>8,068.04</b>
Movements in working capital:		
Increase/(decrease) in trade payables	58,492.97	2,840.61
Increase/(decrease) in long term provisions	68.84	(1,667.03)
Increase/(decrease) in short term provisions	(169.93)	273.27
Increase/(decrease) in other current liabilities	(861.74)	1,288.95
Increase/(decrease) in other long term liabilities	2,105.17	130.76
Decrease/(increase) in trade receivables	(92,111.96)	25,435.47
Decrease/(increase) in inventories	(6,335.30)	8,640.42
Decrease/(increase) in long term loans and advances	(338.77)	(496.09)
Decrease/(increase) in short term loans and advances	1,487.17	2,188.10
Decrease/(increase) in other current assets	(260.82)	113.99
Cash generated from/(used in) operations	<b>(7,587.83)</b>	<b>46,816.49</b>
Direct Taxes Paid (net of refunds)	(125.36)	(3,612.49)
<b>Net cash flow from operating activities</b>	<b>(7,713.19)</b>	<b>43,204.00</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP	(2,337.88)	(2,252.88)
Margin Money Deposits	(1,269.77)	(1,643.85)
Proceeds from Sale of fixed assets	7.32	21.73
<b>Net cash flow from / (used) in investing activities</b>	<b>(3,600.33)</b>	<b>(3,875.00)</b>
<b>C. Cash flow from Financing activities</b>		
Proceeds from long term borrowings	61,249.47	5,300.47
Increase/(decrease) in Buyers/Suppliers credit	(1,004.14)	(11,195.95)
Repayment of long term borrowings	(15,282.46)	(13,990.00)
Finance Costs paid	(33,288.67)	(22,612.90)
Dividend Paid	(2.03)	(3.09)
<b>Net cash flow used in financing activities</b>	<b>11,672.17</b>	<b>(42,501.47)</b>
<b>Net Increase/(decrease) in cash and Cash equivalents</b>	<b>358.65</b>	<b>(3,172.47)</b>
<b>Cash and cash equivalents as at beginning of the year</b>	<b>3,282.65</b>	<b>6,455.12</b>

<b>Cash and cash equivalents as at end of the year</b>	<b>3,641.30</b>	<b>3,282.65</b>
<p>Accompanying Notes form an integral part of the Financial Statements</p> <p>As per our report of even date attached for <b>M. Bhaskara Rao &amp; Co.</b> Chartered Accountants <b>D.Bapu Raghavendra</b> Partner</p> <p style="text-align: right;"><b>For and on behalf of the Board</b></p> <p style="text-align: center;">Secretary                      Chief Financial Officer                      Directors</p> <p>Hyderabad May 12, 2016</p>		

## 1 CORPORATE INFORMATION

Kakinada Fertilizers Limited (KFL), was incorporated as a wholly owned subsidiary to Nagarjuna Fertilizers and Chemicals Limited (erstwhile NFCL) in 2009-10 to manufacture, market fertilizers and allied agri inputs. Through a Composite Scheme of Arrangement and Amalgamation (the Scheme), KFL acquired the residual business of erstwhile NFCL and the business of Ikisan Limited effective from April 01, 2011. KFL changed its name to Nagarjuna Fertilizers and Chemicals Limited w.e.f August 19, 2011 as per the Scheme. The financial statements presented herewith for the year ended on March 31, 2016 relates to the combined operations of the Company's Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation businesses. The Financial statements include operations of branches at Kenya and Singapore which were closed during the year.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation:

The financial statements of the Company are prepared on accrual basis, under historical cost convention. The Financial Statements of the Company have been prepared in accordance with G.A.A.P in India ("Indian GAAP") to comply with accounting standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act/ the Companies Act, 1956, as applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of the preceding year.

### 2.2. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 2.3. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 2.4. Operating Cycle

The Company has adopted its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets for processing and their realisation, for the purpose of current / non-current classification of assets and liabilities.

### 2.5. Fixed Assets:

**2.5.1. Tangible Assets:** Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost includes non- refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take substantial period of time to get ready for their intended use are capitalised.

**2.5.2. Intangible Assets:** The cost of intangible assets acquired in an Amalgamation in the nature of purchase is stated at fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost as reduced by accumulated amortization and accumulated impairment, if any.

### 2.6. Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## 2.7. Depreciation on Fixed Assets:

**2.7.1.** Depreciable amount of assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets is provided under the straight line method as per the useful lives prescribed in Schedule II to the Act except in respect of following category of assets, in whose case the life of the assets has been assessed based on technical assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, adopted technological changes, maintenance etc.,

Sl. No.	Description	Useful life as per Schedule II of Companies Act 2013	Useful life adopted by the Company
1	Continuous Process Plants	25 years	37 years

Where the cost of a part of an asset is significant to the total cost of that asset and its useful life is determined to be different from the useful life of the remaining asset, depreciation on such part is computed in accordance with its respective useful life.

**2.7.2.** Intangible assets are amortized over a period of ten years on straight line basis.

## 2.8. Investments :

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

## 2.9. Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transaction. Gains and Losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss. Premium or discount arising on forward exchange contracts is recognized in the Statement of Profit and Loss.

Liabilities related to foreign currency transactions incurred to acquire fixed assets remaining unsettled at the end of the year are translated at year end rates. The difference arising on such translation and realized gain or loss is adjusted to the cost of respective fixed asset.

Foreign branches are classified as integral foreign operations. Assets and Liabilities (both monetary and non monetary) are translated at the closing rate at the year end. Income and Expenses are translated at the monthly average rate at the end of the respective month.

The difference in translation of monetary assets and liabilities forms part of an enterprise's net investment in a non-integral foreign operations i.e. Subsidiaries/Associates and realized gains and losses on foreign currency transactions, are accumulated in a separate account 'Foreign Currency Translation Reserve' till the disposal of the Investment.

#### **2.10. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time i.e. more than twelve months to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

#### **2.11. Revenue Recognition:**

**Subsidy:** Group Concession Price under Group Concession Scheme (GCS) and Equated Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee.

**Sale of goods:** The Company recognises revenue on sale of products, net of discounts and applicable Taxes i.e., VAT, Sales tax, CST etc., when the product is shipped to customer i.e., when the risks and rewards of ownership are passed on to the customer.

**Income from services:** The Company recognises income from services, net of service tax, towards supply of manpower in terms of the respective contracts.

#### **2.12. Grants in Aid:**

Grants in Aid received towards meeting revenue expenditure are treated as other income and Grants in Aid received in respect of capital assets are adjusted to cost of respective asset in the relevant financial year.

#### **2.13. Inventories:**

The method of valuation of inventories:

##### **2.13.1. Manufactured Products:**

- a) Finished goods - at lower of cost and net realisable value.
- b) Work in process - at cost.

Cost - includes material cost, labour, factory overheads and depreciation.

Net realisable value in the case of Urea –

- the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and
- the net sale price in respect of finished goods lying in the warehouses outside the factory.

**2.13.2. Traded products** - at lower of cost and net realisable value.

**2.13.3.** Work-in-process, raw materials, stores, spares, packing material and loose tools - at weighted average cost, less provision for depletion in value, if any.

#### **2.14. Employee Benefits:**

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits".

**2.14.1. Gratuity:** In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible Employees. The liability towards gratuity is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of gratuity is covered by a policy with Life Insurance Corporation ('LIC').

**2.14.2. Superannuation:** The Company makes monthly contribution to an approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond the monthly contribution.

**2.14.3. Compensated Absences:** Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end. Liability on account of compensated absences

is covered by a policy with Life Insurance Corporation ('LIC').

**2.14.4. Provident Fund:** The Company's Contribution towards provident fund, administered and managed by an approved trust, is charged to the Statement of Profit and Loss.

**2.15. Research and Development:**

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Statement of Profit and Loss in the year in which they are incurred.

**2.16. Leases:**

The Company's leasing arrangements are mainly in respect of operating leases for premises. The leasing arrangements range from 11 months to 5 years generally and are cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Profit and Loss.

**2.17. Taxes:**

**2.17.1. Current Tax:** Provision for current tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.

**2.17.2. Deferred Taxes:** Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws, enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses under the Tax Laws are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**2.18. Earnings Per Share:**

Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

**2.19. Provisions, Contingent Liabilities and Contingent Assets:**

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the financial statements.

**3 Composite Scheme of Arrangement and Amalgamation:**

The jurisdictional High Courts of Bombay and Andhra Pradesh had approved the Composite Scheme of Arrangement and Amalgamation between the Company, erstwhile Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and Ikisan Limited and their respective shareholders and creditors ('the Scheme') as per the provisions of Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 on June 17, 2011 and June 27, 2011 respectively. The Scheme was made effective on July 30, 2011 but operative from Appointed Date, i.e. April 1, 2011.

Consequent to Scheme becoming effective, the financial statements for the subsequent years have been drawn up incorporating the necessary adjustments as envisaged in the Scheme.

The Bombay Stock Exchange vide letter dated December 14, 2011 approved the application of the Company for listing of the equity shares and the National Stock Exchange vide letter dated January 13, 2012 accorded in-principle approval for

listing of the equity shares. These approvals are subject to relaxation by Securities and Exchange Board of India (SEBI) from requirements under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.

An application had been filed by SEBI in the High Court of Bombay at Mumbai to recall / review the Order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The matter had been heard by the Hon'ble High Court of Bombay at Mumbai and dismissed the application filed by SEBI on September 10, 2015 with costs..

The Company, in view of the prolonged delay by SEBI, had also 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.

SAT on October 30, 2015 had directed SEBI to pass Orders in relation to the application of the company for seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957. SEBI had filed a Civil Appeal in the Supreme Court of India which on January 22, 2016 dismissed the Civil Appeal filed by SEBI against the Order of SAT.

SEBI had sought two weeks time from the Supreme Court of India to pass Orders on the application of the company seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957 and the same has been granted.

SEBI had filed an appeal before the Division Bench in the High Court of Bombay against the Order of the Single Judge.

SEBI at the hearing on February 29, 2016 informed the Hon'ble High Court of Bombay that vide letter dated February 4, 2016 addressed to Bombay Stock Exchange Ltd, SEBI has granted relaxation to the company from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions while at same time requesting the Court that SEBI would continue to maintain the Appeal.

The Company is taking necessary steps to commence trading of equity shares at the earliest.

#### 4. Share Capital:

	March 31, 2016		March 31, 2015	
	No. of Shares	` in Lakhs	No. of Shares	` in Lakhs
<b>Authorised</b>				
Equity Shares of ` 1/- each	6,210,000,000	62,100.00	6,210,000,000	62,100.00
Preference Shares of ` 1/- each	1,800,000,000	18,000.00	1,800,000,000	18,000.00
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of ` 1/- each	598,065,003	5,980.65	598,065,003	5,980.65

#### 4.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

	March 31, 2016		March 31, 2015	
	No. of Shares	` in Lakhs	No. of Shares	` in Lakhs
<b>Equity Shares of ` 1/- each</b>				
Balance at the beginning of the year	598,065,003	5,980.65	598,065,003	5,980.65
Add: On allotment during the year	-	-	-	-
Balance at the end of the year	598,065,003	5,980.65	598,065,003	5,980.65

#### 4.2. Rights, Preferences and Restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ` 1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential creditors. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 4.3. Details of shareholders holding more than 5% of the Shares

	March 31, 2016		March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity Shares of ` 1/- each</b>				
Amlika Mercantile Private Limited (Refer Note 4.3.1)	127,068,520	21.25	127,068,520	21.25
Nagarjuna Management Services Private Limited (Refer Note 4.3.1.1)	78,592,592	13.14	78,592,592	13.14
Nagarjuna Holdings Private Limited (Refer Note 4.3.1.1)	34,626,130	5.79	34,626,130	5.79
Zuari Global Limited	32,267,741	5.40	32,267,741	5.40
Baron Properties Private Limited (Refer Note 4.3.1.1)	18,298,969	3.06	18,298,969	3.06
White Stream Properties Private Limited (Refer Note 4.3.1.1)	3,019,060	0.50	3,019,060	0.50
Nagarjuna Staff Betterment Company Private Limited (Refer Note 4.3.1.2)	8,723,277	1.46	8,723,277	1.46
NFCL Employees Welfare Trust (Refer Note 4.3.2)	25,743,525	4.30	25,743,525	4.30

**4.3.1.** The Company has received disclosure from Amlika Mercantile Private Limited (Amlika) informing of amalgamation of Nagarjuna Corporation Limited (NCL) with it, pursuant to a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on May 2, 2014 which was made effective on June 19, 2014.

Pursuant to the amalgamation, following shares held by NCL shall stand vested in Amlika.

Shares held by Nagarjuna Management Services Private Limited, Nagarjuna Holdings Private Limited, Baron Properties Private Limited and White Stream Properties Private Limited shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012.

**4.3.1.1.** Shares held by Nagarjuna Staff Betterment Company Private Limited (NSB) shall stand transferred and vested in Amlika (erstwhile NCL) pursuant to a Scheme of Amalgamation between NCL and NSB which was approved by the Hon'ble High Court of Bombay at Mumbai on March 22, 2012.

**4.3.1.2.** The Company has received disclosure dated July 23, 2014 from Amlika that it had acquired 2,57,43,525 equity shares from NFCL Employees Welfare Trust.

**4.3.1.3.** The above Shares totalling to 29,60,72,073 shares i.e. 49.50% shall be transferred in Amlika's name on commencement of trading in company's shares.

#### 4.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of ` 1/- each (aggregating to ` 5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

#### 5. Reserves and Surplus:

	` in Lakhs	
	<u>March 31, 2016</u>	<u>March 31, 2015</u>
<b>Capital Reserve</b>		
Opening Balance	90,843.26	90,843.26
	<u>90,843.26</u>	<u>90,843.26</u>
<b>Securities Premium Account</b>		
Opening Balance	<u>109,619.35</u>	<u>109,619.35</u>
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	(62.90)	573.63
Add: Effect of Foreign exchange variation during the year	0.17	(636.53)
Closing Balance	<u>(62.73)</u>	<u>(62.90)</u>
<b>Debenture Redemption Reserve (Refer Note 6.1.2.2)</b>		
Opening Balance	2,087.99	2,087.99
Less: Transfer to General Reserve	-	-
Closing Balance	<u>2,087.99</u>	<u>2,087.99</u>
<b>General Reserve</b>		
Opening Balance	11,291.73	18,055.80
Less: Depreciation adjustment	-	6,764.07
(Previous year Net of Deferred Tax ` 562.05 Lakhs)		
Closing Balance	<u>11,291.73</u>	<u>11,291.73</u>
<b>Surplus/ (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(49,183.18)	(12,520.58)
Add: Loss after tax for the year	(11,401.36)	(36,662.60)
Closing Balance	<u>(60,584.54)</u>	<u>(49,183.18)</u>
<b>Total</b>	<u><u>153,195.06</u></u>	<u><u>164,596.25</u></u>

## 6. Long Term Borrowings:

` In Lakhs

	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>A Non Convertible Debentures of ` 100/- each</b>				
<b>(Secured) (Refer Note 6.1.1 and 12)</b>				
1,53,30,000 Debentures 15% Redeemable				
Non-convertible of ` 100/- each	-	-	-	2,715.17
30,00,000 Debentures 14.5% Redeemable				
Non-convertible of ` 100/- each	-	-	-	360.00
80,00,000 Debentures 15% Redeemable				
Non-convertible of ` 100/- each	-	-	-	264.02
25,00,000 Debentures 15% Redeemable				
Non-convertible of ` 100/- each	-	-	-	225.00
30,00,000 Debentures 13.25% Redeemable				
Non-convertible of ` 100/- each	-	-	-	360.00
<b>B Non Convertible Debentures of ` 1/- each</b>				
<b>(Secured)</b>				
<b>(Refer Note 6.1.2)</b>				
92,43,91,006 Debentures 10.25% Redeemable				
Non-convertible of ` 1/- each	3,081.30	6,162.61	3,081.30	3,081.30
	<b>3,081.30</b>	<b>6,162.61</b>	<b>3,081.30</b>	<b>7,005.49</b>
<b>Term Loans (Secured)</b>				
From Banks				
In Rupees (Refer Note 6.2, 6.3 and 12)	57,670.00	500.00	3,730.00	3,977.75
In Foreign Currency (Refer Note 6.2 and 6.4)	2,806.06	3,542.20	947.92	1,833.30
From Others (Refer Note 6.2, 6.5 and 12)				
In Rupees	392.00	552.00	160.00	1,194.99
<b>Corporate Loan (Secured)</b>				
From Banks				
In Rupees (Refer Note 6.6 and 12)	3,599.07	4,400.00	800.00	400.00
<b>Deferred Payment Liabilities (Unsecured)</b>				
<b>(Refer Note 6.7)</b>				
Sales tax Deferral	3,386.53	3,728.40	832.69	390.71
<b>Total</b>	<b>70,934.96</b>	<b>18,885.21</b>	<b>9,551.91</b>	<b>14,802.24</b>
<b>The above amount includes:</b>				
Secured Borrowings	67,548.43	15,156.81	8,719.22	14,411.53
Unsecured Borrowings	3,386.53	3,728.40	832.69	390.71
Amount disclosed under the head	-	-	(9,551.91)	(14,802.24)
" Other Current Liabilities " (Refer Note 12)				
	<b>70,934.96</b>	<b>18,885.21</b>	<b>-</b>	<b>-</b>

### 6.1. Debentures (Secured):

6.1.1. The Non Convertible Debentures (NCD) of ` 100/- each together with accrued interest, remuneration and other expenses thereof are secured by a registered mortgage and an exclusive charge on the Company's immovable property situated at Ahmedabad.

Further secured by an equitable mortgage and a charge on the other immovable and movable properties of the Company in favour of the debenture trustees, save and except stock in trade, book debts given as security to banks for obtaining working capital facilities.

6.1.1.1. The details of rate of interest and redemption of debentures are as under.

Bank / Institution	No. of Debentures	Effective Rate of interest %	Repayment Schedule
ICICI Bank Limited	15,330,000	lbase +2.25	21 Quarterly Installments commencing from March 2011
LIC of India	3,000,000	11.50	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	8,000,000	13.75	41 Structured Quarterly Installments commencing from March 2006
IFCI Limited	2,500,000	13.75	41 Structured Quarterly Installments commencing from March 2006
LIC of India	3,000,000	11.50	41 Structured Quarterly Installments commencing from March 2006

6.1.1.2. Details of default in repayment of debentures as at the year end are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	` in Lakhs	Period of Default	` in Lakhs
<b>Principal</b>				
IFCI Limited	91 days	163.01	-	-
LIC of India	91 days	180.00	-	-
<b>Interest</b>	-	-	-	-
ICICI Bank Limited	-	-	1-31 Days	61.49

**6.1.2.** The Company had issued 1,00,41,00,000 Non Convertible Debentures of ` 1/- each to banks and financial institutions towards settlement of recompense amount determined by the Corporate Debt Restructuring - Empowered Group , which are redeemable in 18th, 30th and 42nd months from the date of exit of CDR package i.e., June 20, 2014 being the date of allotment. The Debentures carry an interest rate of 10.25% per annum.

**6.1.2.1.** The above NCD's are secured by subservient charge on the fixed assets of the Company.

**6.1.2.2.** Debenture Redemption Reserve (DRR) available in books is towards redemption of Debentures of ` 100/- each and the same is adequate as at the year-end towards the entire debentures outstanding including ` 1/- debentures issued during 2014. The reserve standing at ` 2,087.99 Lakhs as at March 31, 2016 is retained towards the statutory reserve required at ` 1,967.26 Lakhs against the outstanding debentures.

**6.1.2.3.** Details of default in repayment of 10.25% Non-Convertible Redeemable Debentures of ` 1/- each as at the year end are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	` in Lakhs	Period of Default	` in Lakhs
<b>Principal</b>				
IFCI Limited	103 days	382.88	-	-
LIC of India	103 days	121.75	-	-
<b>Interest</b>				
IFCI Limited	103 days	133.80	-	-
LIC of India	103 days	31.11	-	-

**6.2. Term Loans – In Rupees and in Foreign currency from Banks and Financial institutions:**

**6.2.1.** Term loans availed from banks and financial institutions, together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future ranking pari-passu, inter se, the lenders; a charge created (creation of such charge pending in respect of certain assets) through an equitable mortgage by deposit of title deeds of immovable properties of the Company other than those mentioned in Note 6.1.1, 6.4 and 6.5.
- a second charge on the current assets of the Company ranking pari-passu, inter se, the lenders.

**6.2.2.** Further secured by pledge of 2,25,61,693 equity shares held in subsidiary company – Jaiprakash Engineering and Steel Company Limited in favour of Banks / Financial Institutions for the term loans availed by the Company.

**6.2.3.** All the Term Loans from Financial Institutions and Banks, Counter Guarantees from banks are personally guaranteed by Shri K.S.Raju.

6.2.4. The details of rate of interest and repayment of Term Loans are as under:

in Lakhs

S.NO.	Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
				Number of Installments	Frequency	Commencing from
<b>Rupee Loans - Bank</b>						
a)	IDBI Bank Limited	BBR +2.25	566.20	41	Quarterly	Mar-06
b)	IDBI Bank Limited	12.40	500.00	20	Quarterly	Oct-11
c)	State Bank of India	14.90	184.50	20	Quarterly	Dec-11
<b>Total</b>			<b>1,250.70</b>			
<b>Rupee Loans - Institution</b>						
a)	IFCI Limited	13.75	224.01	41	Quarterly	Mar-06
b)	SICOM Limited	11.50	119.02	41	Quarterly	Mar-06
<b>Total</b>			<b>343.03</b>			

6.2.5. Details of default in repayment of Term Loans and interest, as at the year end, are:

Particulars	March 31, 2016		March 31, 2015	
	Period of Default	in Lakhs	Period of Default	in Lakhs
<b>Principal</b>				
ICICI Bank Limited (ECB)	-	-	1 -37 Day	715.85
IFCI Limited	91 days	224.01	-	-
SICOM Limited	91 days	119.02	-	-

### 6.3. Working Capital Term Loan: In Rupees from Banks

6.3.1. Working Capital Term loans from banks together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future for certain borrowings ranking pari-passu, inter se, those lenders other than those mentioned in Note 6.4 and 6.5. Charge creation through an equitable mortgage by deposit of title deeds of immovable properties of the Company is in progress ;
- a first charge on the current assets of the Company ranking pari-passu, inter se, the lenders.

6.3.2. Pledge, on pari passu basis, of some of their shares in the company by it's core promoters, which is pending as on the date of the Balance Sheet.

6.3.3. Also personally guaranteed by Shri K.S.Raju and Shri K Rahul Raju.

in Lakhs

S.No.	Bank	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
				Number of Installments	Frequency	Commencing from
a)	IDBI Bank Limited	BBR +3.00	30,300.00	23	Quarterly	Jul-16
b)	State Bank of India	BBR +3.30	22,200.00	23	Quarterly	Jul-16
c)	ICICI Bank Limited	IBASE +3.30	8,400.00	23	Quarterly	Jul-16
<b>Total</b>			<b>60,900.00</b>			

**6.4. Term Loans – In Foreign Currency from Banks:**

**6.4.1.** Term Loan in Foreign Currency is secured by First charge on Wind power assets situated at Amdhapuram site in Tirunelveli District, Tamilnadu acquired out of the said loan and residual / subservient charge on the current assets of the Company.

**6.4.2.** Details of rate of interest and repayment are as under.

`in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule
ICICI Bank Limited - HongKong	6 Month Libor +5.80	3,753.98	15 Half Yearly Installments commencing from February, 2012

**6.5. Term Loans – In Rupees from Others:**

**6.5.1.** The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

**6.5.2.** Details of rate of interest and repayment are as under.

`in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule
Department of Bio Technology	2	504.00	10 Semi annual Installments commencing from October 31, 2014
Department of Bio Technology	2	48.00	10 Semi annual Installments commencing from June 30, 2014

**6.6. Corporate Loan:**

**6.6.1** Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking paripassu with other banks in the consortium and collateral security on the Company's immoveable properties ranking pari-passu with working capital lenders. This loan is personally guaranteed by Shri K.S.Raju.

**6.6.2.** Details of rate of interest and repayment are as under.

`in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2016	Repayment Schedule		
			Number of Installment	Frequency	Commencing from

State Bank of India	13.95	4,499.06	20	Quarterly	Dec-14
---------------------	-------	----------	----	-----------	--------

**6.7. Sales Tax Deferral:**

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2016 is ` 7,273.44 Lakhs (Previous Year ` 7,664.14 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012. There are no overdue installments as at the year end.

**7. Deferred Tax Liabilities (Net):**

Deferred Tax Liability as at year end in respect of timing differences comprises the following:

Particulars	Nature	` in Lakhs	
		March 31, 2016	March 31, 2015
<b>On account of -</b>			
Depreciation / amortization	Liability	18,099.81	18,398.89
Employee benefit provision	Asset	194.07	228.43
Unabsorbed Loss and Depreciation under tax laws	Asset	8,671.46	6,296.71
Disallowances u/s 43B of Income Tax Act	Asset	2,395.74	3,393.47
Amalgamation expenses	Asset	-	34.01
<b>Total</b>	<b>Net Liability</b>	<b>6,838.54</b>	<b>8,446.27</b>
Charge / Credit for the year		(1,607.73)	499.20
Credit to General Reserve		-	(562.05)

**8. Other Long Term Liabilities:**

	` in Lakhs	
	March 31, 2016	March 31, 2015
Deposits from dealers	7,124.76	5,035.05
Other Deposits - (Retention, EMD etc.)	259.71	244.25
<b>Total</b>	<b>7,384.47</b>	<b>5,279.30</b>

**9. Provisions:**

	` in Lakhs			
	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits (Refer Note 25.2) - for Leave Benefit (net of plan assets)	443.32	374.48	127.64	297.57
<b>Total</b>	<b>443.32</b>	<b>374.48</b>	<b>127.64</b>	<b>297.57</b>

**10. Short Term Borrowings:**

	` in Lakhs	
	March 31, 2016	March 31, 2015
<b>Loans repayable on demand Secured (Refer Note 10.1) From Banks</b>		

In Rupees - Cash Credit	92,674.01	95,579.18
In Rupees - Short Term Loan	80.86	2,993.38
In Foreign Currency - Suppliers / Buyers Credit	682.54	1,686.68
<b>Total</b>	<b>93,437.41</b>	<b>100,259.24</b>

**10.1.** Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares), present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are personally guaranteed by Shri K.S.Raju.

**11. Trade Payables:**

	` in Lakhs	
	March 31, 2016	March 31, 2015
Trade Payables - Other than Acceptances		
(A) Micro, Small, Medium Enterprises (MSMEs)	4.36	-
(B) Other than MSMEs	165,531.70	101,225.41
	<b>165,536.06</b>	<b>101,225.41</b>

**11.1.** Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

Particulars	` in Lakhs	
	March 31, 2016	March 31, 2015
Principal amount remaining unpaid	4.36	Nil
Interest due thereon	Nil	Nil
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

**12. Other Current Liabilities:**

	` in Lakhs	
	March 31, 2016	March 31, 2015
Current maturities of long term debt (Refer Note 6)	9,551.91	14,802.24
Unpaid matured portion of Debentures and Interest accrued there on (Refer Note 6.1.1.2 and 6.1.2.3))	1,893.67	1,215.20
Overdue Term Loans (Refer Note 6.2.5)	1,193.72	2,625.60
Interest accrued but not due	71.33	1,003.97
Interest accrued and due (Refer Note 6.2.5)	730.28	224.05
Unclaimed Dividends (Refer Note 12.1)	656.84	658.87
Other payables		
Statutory Payables	1,000.50	1,704.82
Deposits	133.13	195.99
Others	1,379.10	1,548.17

Payable on purchase of fixed assets

Total

178.06	103.55
<b>16,788.54</b>	<b>24,082.46</b>

12.1. There are no amounts due for remittance to the Investor Education Protection Fund as at the Balance Sheet date.

13. Fixed assets:

in Lakhs

Particulars	Gross Block (At Cost)			Depreciation						Net Block		
	As at March 31, 2015	Additions during the year	Deductions/ Adjustments during the year	As at March 31, 2016	Upto March 31, 2015	Adjusted to Opening Reserves	For the year	Deductions / Adjustments	Impairment for the year (Refer Note 29.2.2)	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Tangible Assets</b>												
Land	116,223.56	3.85	-	116,227.41	-	-	-	-	-	-	116,227.41	116,223.56
Buildings	14,756.05	17.53	-	14,773.58	1,932.31	-	760.70	-	-	2,693.01	12,080.57	12,823.74
Plant & Equipments	202,190.62	1,253.94	353.83	203,090.73	49,122.22	-	7,735.83	175.49	-	56,682.56	146,408.17	153,068.40
Furniture, Fixtures & Office Equipment	1,876.51	191.37	27.9	2,039.97	1,102.49	-	228.08	21.9	-	1,308.63	731.34	774.02
Vehicles	419.05	0.18	1	417.27	251.43	-	38.50	4	-	288.06	129.21	167.62
Roads, Drains & Culverts	912.82	-	1.96	912.82	780.68	-	11.06	1.87	-	791.74	121.08	132.14
Railway Siding	932.61	-	-	932.61	885.98	-	-	-	-	885.98	46.63	46.63
<b>Total</b>	<b>337,311.22</b>	<b>1,466.87</b>	<b>383.70</b>	<b>338,394.39</b>	<b>54,075.11</b>		<b>8,774.17</b>	<b>199.30</b>		<b>62,649.98</b>	<b>275,744.41</b>	<b>283,236.11</b>
Previous Year	333,808.03	5,570.03	2,066.84	337,311.22	35,072.90	7,326.12	8,852.49	361.02	3,184.62	54,075.11	283,236.11	298,735.13
<b>Intangible Assets</b>												
Trade Marks & Services	4,914.00	-	-	4,914.00	1,965.60	-	491.40	-	-	2,457.00	2,457.00	2,948.40
<b>Total</b>	<b>4,914.00</b>	<b>-</b>	<b>-</b>	<b>4,914.00</b>	<b>1,965.60</b>		<b>491.40</b>	<b>-</b>		<b>2,457.00</b>	<b>2,457.00</b>	<b>2,948.40</b>
Previous Year	4,914.00	-	-	4,914.00	1,474.20	-	491.40	-	-	1,965.60	2,948.40	3,439.80

13.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ` 2.26 Lakhs (Previous Year ` 85.45 Lakhs) and ` 1.59 Lakhs paid to Govt of Telangana for plant located at Sadashivpet.

13.2. Additions to Plant & Equipments during the year include ` 349.47 Lakhs (Previous Year ` 300.47 Lakhs) foreign exchange loss arising on account of restatement of foreign currency loan.

13.3. Land & Buildings

a) Includes 5 acres, the possession of which is yet to be taken, title under dispute.

b) Excludes value of 33.35 acres, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained.

c) Excludes value of 14.06 acres pending completion of alienation and handing over possession by Government of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973

d) Includes value of 340.11 acres (104 cases) in possession of the Company pending registration.

**14. Non Current Investments - Unquoted (At Cost):**

	March 31, 2016		March 31, 2015	
	No. of shares	` in Lakhs	No. of shares	` in Lakhs
<b>Long Term Trade Investments In Subsidiaries</b>				
<b>In Equity Shares of ` 10/- each fully paid up</b>				
Jaiprakash Engineering and Steel Company Limited <sup>1</sup>	22,561,693	2,256.17	22,561,693	2,256.17
<b>In Equity Shares of Euros 100 each fully paid up</b>				
Nagarjuna Industrial Services and Investments Private Limited	50,000	3,037.50	50,000	3,037.50
<b>Total - (A)</b>		<b>5,293.67</b>		<b>5,293.67</b>
<b>In Associates</b>				
<b>In Equity Shares of ` 10/- each fully paid up</b>				
Nagarjuna Agricultural Research and Development Institute	25,020	2.50	25,020	2.50
KVK Raju International Leadership Academy	150,000	15.00	150,000	15.00
<b>Total - (B)</b>		<b>17.50</b>		<b>17.50</b>
<b>Total - (A+B)</b>		<b>5,311.17</b>		<b>5,311.17</b>
Less: Provision for diminution (Refer Note No.29.2)		3,507.88		2,695.64
		<b>1,803.29</b>		<b>2,615.53</b>
Aggregate cost of Quoted Investments		-		-
Aggregate cost of Un-Quoted Investments		5,311.17		5,311.17
Aggregate Market Value of Quoted Investments		-		-

<sup>1</sup> pledged with lenders (Refer Note 6.2.2)

14.1. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of ` 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 548.70 acres of land, the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2016.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

Government of Karnataka has passed order No. CI 175 SPI 2011 dated November 11, 2013 cancelling the Land Allotment made stating that JESCO has not implemented the approved projects and also advised KIADB to resume the balance land. JESCO has filed a writ petition in the Hon'ble High Court of Karnataka challenging the above cited GO and the Hon'ble High Court of Karnataka has prohibited the Government of Karnataka from dispossessing the land in possession of JESCO.

In view of the above, it is considered prudent to provide for diminution in the carrying amount of this investment to the extent of ` 460.00 Lakhs, based on the net worth of JESCO as at March 31, 2016.

## 15. Loans and Advances:

	` in Lakhs			
	Non Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Capital Advances</b>				
Secured (considered good)	16.50	-	-	-
Unsecured (considered good)	725.24	271.87	-	-
<b>Total - (A)</b>	<b>741.74</b>	<b>271.87</b>	<b>-</b>	<b>-</b>
<b>Loans and Advances - Unsecured (considered good)</b>				
Security Deposits	750.71	652.50	186.27	121.23
Loans and advances to related parties	1,118.80	879.21	37.55	-
Advance Recoverable in Cash or in Kind	-	-	3,362.48	5,240.43
Advance Income Tax (net of provision for taxation ` 17,493.40 Lakhs (Previous year ` 17,493.40 Lakhs))	-	-	459.69	334.33
Prepaid Expenses	5.71	4.59	1,471.74	1,194.02
Loans to Employees	-	-	3.41	3.41
Balance with Customs Authorities	-	0.15	36.25	36
Claims receivable	-	-	15.78	4.41
<b>Total - (B)</b>	<b>1,875.22</b>	<b>1,536.45</b>	<b>5,573.17</b>	<b>6,934.81</b>
<b>Loans and Advances - Unsecured (considered doubtful)</b>				
Loans and advances to related parties (Refer Note 29.2.1)	-	-	2,852.31	2,852
Advance Recoverable in Cash or in Kind	-	-	362.11	362.11
	-	-	<b>3,214.42</b>	<b>3,214</b>
Less: Provision for Doubtful advances	-	-	3,214.42	3,214.42
<b>Total - (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>2,616.96</b>	<b>1,808.32</b>	<b>5,573.17</b>	<b>6,934.81</b>

## 16. Inventories:

	` in Lakhs	
	March 31, 2016	March 31, 2015
Raw materials	1,067.36	851.58
Work in process	149.85	357.70
Finished Goods - Manufactured goods	7,121.81	2,680.16
Stock In Transit - Manufactured goods	1,165.07	828.56
Traded goods	10,157.05	8,731.30
Stock In Transit - Traded goods	48.66	36.70
Packing materials	649.77	739.22
Stores and Spares	2,445.95	2,245.70
Loose tools	10.20	9.50
<b>Total</b>	<b>22,815.72</b>	<b>16,480.42</b>

**17. Trade Receivables: (Unsecured) (Refer Note 17.1)**

	` in Lakhs	
	March 31, 2016	March 31, 2015
Debts outstanding over six months		
Considered good	19,645.68	15,383.80
Considered doubtful	963.68	814.19
Other debts considered good	179,353.76	91,653.17
	<b>199,963.12</b>	<b>107,851.16</b>
Less: Provision for doubtful debts	963.68	814.19
<b>Total</b>	<b>198,999.44</b>	<b>107,036.97</b>

**17.1.** Includes subsidy and other dues ` 1,66,489.41 Lakhs (Previous Year ` 77,387.24 Lakhs) from Government of India and ` 12,368.25 Lakhs (Previous Year ` 8,685.95 Lakhs) from State Governments.

**18. Cash and Cash equivalents**

	` in Lakhs	
	March 31, 2016	March 31, 2015
<b>Balances with Banks</b>		
Earmarked balances with Banks		
In Term Deposits (Refer Note 18.1)	824.00	393.80
In Current Accounts		
Unclaimed Dividend	656.84	658.87
Other Current Accounts	458.49	266.34
Cheques, drafts on hand	1,685.12	1,949.47
Cash on hand	16.85	14.17
	<b>3,641.30</b>	<b>3,282.65</b>
<b>Other Bank Balances</b>		
<b>in Deposit Accounts</b>		
Margin Money Deposits	5,761.26	4,496.71
Margin Money Deposits with maturity beyond 12 months	33.69	28.47
<b>Total</b>	<b>9,436.25</b>	<b>7,807.83</b>

**18.1.** Amount deposited towards 15% of the portion of the debentures redeemable by March 31, 2016 in pursuance of Notification issued by Ministry of Corporate Affairs, vide Circular No. 04/2013, dated February 11, 2013.

**19. Other Assets:**

	` in Lakhs	
	March 31, 2016	March 31, 2015
Interest Accrued on Deposits	506.21	247.64
Unbilled Revenue	5.59	3.34
<b>Total</b>	<b>511.80</b>	<b>250.98</b>

## 20. Revenue from Operations:

	<u>2015-16</u>	<u>2014-15</u>
<b>Sales, including Subsidy on products</b>		
<b>Manufactured goods</b>		
Urea (Refer Note 20.1) *	255,861.18	123895.14
Ammonia	-	899.32
Customised Fertilizers	2,464.41	493.37
Wind Energy	480.02	657.62
Extruded Irrigation systems	14,070.44	18557.81
<b>Total - A</b>	<b><u>272,876.05</u></b>	<b><u>144503.26</u></b>
<b>Traded goods</b>		
Pool Urea	53,398.63	67437.92
Specialty Fertilizers	11,771.15	11421.72
Others	27,616.03	29312.59
<b>Total - B</b>	<b><u>92,785.81</u></b>	<b><u>108172.23</u></b>
	252675.49	
<b>Sale of Products</b>	<b>Total - (A+B)</b> 365,661.86	252675.49
<b>Sale of Services - Manpower</b>	1,027.56	805.83
<b>Other Operating revenues (sale of scrap, etc.)</b>	212.63	264.76
<b>Total</b>	<b><u>366,902.05</u></b>	<b><u>253746.08</u></b>

\*including Government Subsidy ` 1,87,890.27 Lakhs (Previous Year ` 74,394.78 Lakhs)

### 20.1 Group Concession Scheme – (GCS) Subsidy

Nitrogenous fertilizers (Urea) are under the Group Concession Subsidy Scheme of Government of India, Depart For the financial year 2015-16, Modified NPS-III Policy was applicable till May 31, 2015. Further GOI has notified (NUP) -2015 and Gas Pooling Policy applicable to Fertilizer industry effective from June 1, 2015. Concession rate Plant-2 for the period April 1, 2015 to March 31, 2016 have been recognized based on notified rates as per r Further, the input de-escalation aggregating to ` 8,325.15 Lakhs (Previous Year escalation `11,594.05 reimbursement of additional fixed cost of ` 4,181.10 Lakhs (Previous Year ` 3,223.04 Lakhs) at ` 350/- per MT an (Previous year ` Nil) at ` 2,300/- per MT towards production beyond reassessed capacity, have been recognised per the prices and provisions applicable under NPS III and Modified NPS-III, based on the Management estimates were not notified under NUP 2015.

Adjustments, if any, shall be considered in the year in which final notifications are received.

## 21. Other Income:

	<b>in Lakhs</b>	
	<u>2015-16</u>	<u>2014-15</u>
Interest on Bank Deposits and others	810.16	573.51
Other non-operating income (Refer Note 21.1)	2,039.23	3,507.85
Profit on sale of assets	-	18.07
<b>Total</b>	<b><u>2,849.39</u></b>	<b><u>4,099.43</u></b>

**21.1.** The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, for the period April 1, 2014 to July 31,

2014. As directed by the Central Government, excess remuneration paid to Mr. K S Raju and Mr. K Rahul Raju for the said period ` 8.79 Lakhs and ` 8.14 Lakhs respectively recovered from them is included herein.

	` in Lakhs	
	2015-16	2014-15
<b>22. Cost of Materials consumed:</b>		
Natural Gas	101,450.86	45,286.22
Plastic Granules	5,503.90	7,429.49
PVC resin	1,348.17	2,674.63
Others	2,099.78	576.17
Packing Material	5,031.59	3,896.04
<b>Total</b>	<b>115,434.30</b>	<b>59,862.55</b>

	` in Lakhs	
	2015-16	2014-15
<b>23. Purchases of Traded Products:</b>		
Pool Urea	54,029.60	71,238.14
Specialty Fertilizers	9,002.83	7,525.40
Packing Material	219.64	1,200.18
Others	24,112.12	26,721.52
<b>Total</b>	<b>87,364.19</b>	<b>106,685.24</b>

	` in Lakhs	
	2015-16	2014-15
<b>24. (Increase) / Decrease in Stock:</b>		
Inventories at the end of the year		
Traded goods	10,205.71	8,768.00
Finished Goods	8,286.89	3,508.72
Work in Process	149.85	357.70
<b>Total - (A)</b>	<b>18,642.45</b>	<b>12,634.42</b>
Inventories at the beginning of the year		
Traded goods	8,768.00	17,785.13
Less: Purchase Returns during the year	-	(12,001.15)
Finished Goods	3,508.72	1,730.58
Work in Process	357.70	81.84
<b>Total - (B)</b>	<b>12,634.42</b>	<b>7,596.40</b>
<b>Total - (A-B)</b>	<b>(6,008.03)</b>	<b>(5,038.02)</b>

	` in Lakhs	
	2015-16	2014-15
<b>25. Employee Benefits Expense:</b>		
Salaries and Wages	12,530.58	11,756.86
Contribution to Provident and Other Funds	1,182.49	1,017.28
Staff Welfare Expenses	1,022.54	998.89
<b>Total</b>	<b>14,735.61</b>	<b>13,773.03</b>

**25.1.** The Company based on the approvals obtained from the Board of Directors and the shareholders at the Annual General Meeting held on September 26, 2014 filed applications with the Central Government for approval for payment of remuneration to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director, among others, for the period August 1,

2014 to July 31, 2017. The remuneration paid during the year to Mr. K.S.Raju and Mr. K.Rahul Raju is in anticipation of the said approval.

Approval is also awaited from Central Government for the managerial remuneration paid for the period August 1, 2014 to March 31, 2015

**25.2.** The disclosure required under Accounting Standard 15 “Employee Benefits” is given below.

#### Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees including whole time directors. Under the plans the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall if any, shall be provided for by the Company.

Contributions to these Defined Contribution Plans, charged to Statement of Profit and Loss during the year are as under:

Particulars	in Lakhs	
	2015-16	2014-15
Employer’s contribution to Provident Fund	307.20	328.91
Employer’s contribution to Superannuation Fund	524.82	503.68
Employer’s contribution to Pension Scheme	199.89	164.94

#### Defined Benefit Plans

The employees’ gratuity fund and leave encashment (PL) schemes managed by Life Insurance Corporation of India are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### A. Gratuity

Details of the Company’s post retirement gratuity plans for its employees including whole time directors are given below, which is certified by the actuary and relied upon by the auditors:

##### a. Reconciliation of opening and closing balance of Defined Benefit Obligation

Particulars	in Lakhs	
	March 31, 2016	March 31, 2015
Defined Benefit obligation at beginning of the year	1,839.97	2,193.52
Current Service Cost	144.00	220.84
Interest Cost	132.86	175.30
Actuarial (gain) / loss	234.67	(638.18)
Past service cost	-	-
Benefits paid	286.45	111.51
Defined Benefit Obligation at year end	2,065.05	1,839.97

##### b. Reconciliation of opening and closing balance of fair value of plan assets

Particulars	in Lakhs	
	March 31, 2016	March 31, 2015
Fair value of plan assets at beginning of the year	2,138.47	1,904.94
Expected return on plan assets	195.28	189.74
Actuarial gain / (loss)	(4.38)	(189.74)

Employer contribution	425.42	345.04
Benefits paid	286.45	111.51
Fair value of plan assets at year end	2,468.34	2,138.47

**c. Reconciliation of fair value of assets and obligations**

in Lakhs

Particulars	March 31, 2016	March 31, 2015
Fair value of plan assets	2,468.34	2,138.47
Present value of obligation	2,065.05	1,839.97

**d. Expenses recognized during the year under the head "Employee Benefits Expense"**

in Lakhs

Particulars	2015-16	2014-15
Current service Cost	144.00	220.84
Interest Cost	132.86	175.30
Expected return on plan assets	(195.28)	(189.74)
Actuarial (gain) / loss	239.05	(448.44)
Past Service Cost	-	-
Net cost	320.63	(242.04)

**e. Investment Details**

Particulars	March 31, 2016	March 31, 2015
L.I.C. Group Gratuity (Cash Accumulation) Policy	100%	100%
Amount (in Lakhs)	2,468.34	2,138.47

**f. Actuarial assumptions**

Mortality Table of L.I.C.

Particulars	March 31, 2016	March 31, 2015
Discount rate (per annum)	7.46%	7.83%
Expected rate of return on plan assets (per annum)	8.48%	9.00%
Rate of escalation in salary (per annum)	6.00%	6.00%

The estimate of rate of escalations in salary considered in actuarial valuation, takes in to account inflation, length of service and other relevant factors.

**B.** The liability for compensated absences (Earned leave and Sick leave) ` 1,584.47 Lakhs (Previous Year ` 1,539.93 Lakhs) has been actuarially determined and provided for in the books. The liability for earned leave has been funded through NFCL New Group Leave Encashment Policy managed by LIC.

**26. Finance cost:**

in Lakhs

	2015-16	2014-15
Interest Expense		
Term Loans	5,973.14	2,227.03

Debtures	1,263.48	1,562.76
Short term borrowings	18,187.24	16,556.67
Other borrowing costs	7,517.39	2,979.87
Interest on shortfall in payment of Advance Tax	-	319.47
<b>Total</b>	<b>32,941.25</b>	<b>23,645.80</b>

## 27. Other Expenses:

	in Lakhs	
	2015-16	2014-15
Catalysts charge	1,261.72	25.77
Chemicals and consumables	1,075.96	890.40
Conversion Charges	121.15	-
Excise Duty on Inventory	54.26	4.54
Rent	853.52	875.53
Rates and Taxes	447.21	727.57
Electricity and Water	192.91	191.81
Stores and Spares Consumed	972.35	1,123.73
Repairs and Maintenance		
Buildings	128.06	135.04
Plant and Machinery	914.59	876.17
Others	743.34	1,118.05
Insurance	564.69	488.26
Printing and Stationery	101.59	101.62
Postage, Telephone and Telex	230.23	249.07
Travelling and Conveyance	1,407.44	1,442.89
Advertisement and Publicity	889.19	737.86
Employee Recruitment and Training	37.85	48.11
Legal, Secretarial and Share Registry	533.99	571.82
Professional and Consultancy	2,521.62	1,387.01
Directors Sitting Fees	17.23	12.81
Loss on Sale of Assets / Assets discarded	177.08	-
Auditors' remuneration (Refer Note 34)	109.27	98.84
Corporate Social Responsibility Expenditure	73.75	86.22
Transport and Handling	22,422.51	14,821.49
Distribution	1,097.90	779.33
Sales Commission / discounts / rebates	968.59	780.95
Bad Debts / Advances written off	329.11	2,927.64
Provision for doubtful debts / advances	149.49	846.17
Provision for Damaged stock	407.25	-
Loss on foreign currency transactions	210.05	312.44
Miscellaneous	2,075.68	676.45
<b>Total</b>	<b>41,089.58</b>	<b>32,337.59</b>

28. Details of Capital and Revenue expenditure incurred on Research and Development included under fixed assets, employee benefits expense, other expenses and finance cost are as below:

	in Lakhs	
	2015-16	2014-15
<b>A. Capital Expenditure</b>		
Plant and equipments, Computers, Buildings etc.,	24.48	75.87
<b>Total</b>	<b>24.48</b>	<b>75.87</b>

**B. Revenue Expenditure**

Salaries and Wages	732.29	652.90
Contribution to Provident and Other funds	75.49	71.21
Staff welfare	52.34	56.31
Electricity and Water	47.65	52.63
Chemicals and Consumables	76.26	50.91
Professional Charges	122.37	73.78
Depreciation	130.43	140.58
Finance cost	12.86	15.45
Others	272.96	248.09
<b>Total</b>	<b>1,522.65</b>	<b>1,361.86</b>
<b>Grand Total</b>	<b>1,547.13</b>	<b>1,437.73</b>

**28.1.** Out of the above expenditure, ` 1,008.02 Lakhs (Previous Year ` 905.09 Lakhs) is eligible for weighted deduction u/s 35 (2AB) of Income Tax Act, 1961 as per the Guidelines of Department of Scientific and Industrial Research.

**29. Exceptional and Extra-ordinary items:****29.1. Exceptional Items**

	<u>2015-16</u>	<u>2014-15</u>
Loss on Sale of Assets / Assets discarded		3,510.52
Legal & Professional Charges (Stage-III & Super revamp)		833.84
<b>Total</b>		<b>4,344.36</b>

**29.2. Extra-ordinary Items**

	<u>2015-16</u>	<u>2014-15</u>
Provision for doubtful advances (Refer Note 29.2.1)	-	2,852.31
Provision for diminution in value of Investment (Refer Note 29.2.1)	812.24	2,678.14
Impairment Loss (Refer Note 29.2.2)	-	3184.62
<b>Total</b>	<b>812.24</b>	<b>8,715.07</b>

**29.2.1.** During the year, the Company has made a provision for doubtful advances of ` Nil (Previous year ` 2,852.31 Lakhs) and for diminution of ` 352.24 Lakhs (Previous year ` 2,678.14 Lakhs) in the value of its investment in the share capital of its subsidiary Nagarjuna Industrial Services and Investments Private Limited (NISIPL) taking into consideration the net worth of the said subsidiary company.

As explained in Note 14.1, a provision of ` 460.00 Lakhs has been made for diminution in the carrying amount of the company's investment in its subsidiary Jaiprakash Engineering and Steel Company Limited.

**29.2.2.** Considering the operating results of the business and the prospects of viable economic returns from the wind power business, the Board had during the year 2014-15, taken a decision to dispose of wind power assets. Pursuant to the decision, Company had obtained a purchase proposal from a prospective buyer. Based on the purchase consideration offered and the expected cash generated from the business, the excess carrying value of windmill assets at ` 3,184.62 Lakhs was recognised as impairment loss in 2014-15. On a review of existing provision, the Company is of the opinion that the same is adequate as at March 31, 2016.

### 30. Contingent Liabilities and Commitments:

#### 30.1. Contingent Liabilities not provided for:

- 30.1.1. Counter guarantees given to Bankers in respect of Bank guarantees ` 1,882.94 Lakhs (Previous year ` 1,606.84 Lakhs).
- 30.1.2. Income Tax matters under disputes ` 36.31 Lakhs (Previous year ` 36.31 Lakhs).
- 30.1.3. Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained.
- 30.1.4. Claims against the Company not acknowledged as debts ` 12,680.62 Lakhs (Previous year ` 4,893.41 Lakhs ).

#### 30.2. Commitments:

- 30.2.1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ` 356.17 Lakhs (Previous year ` 905.50 Lakhs).
- 30.2.2. In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of ` 100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs.

### 31. Segment Reporting:

The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation, Agri informatic Services and Wind Energy generation business. The financial results of Micro Irrigation segment, Wind Energy segment and Agri Informatic Services segment are less than the threshold limit prescribed for separate disclosure in Accounting Standard 17, and therefore, have not been shown separately.

### 32. Related party transactions: (Disclosures as required by AS 18 - Related Party Disclosures)

#### 32.1. List of related parties and their relationships

##### Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (NIS IPL)

##### Step down Subsidiaries

- (i) Spawnt Private S.a.r.l, Luxembourg

##### Associates

- (i) Nagarjuna Agricultural Research and Development Institute
- (ii) KVK Raju International Leadership Academy

##### Key Management Personnel

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

##### Relatives of Key Management Personnel.

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

##### Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

##### Enterprises significantly influenced by Key Management personnel or their relatives

- (i) Nagarjuna Agrichem Limited
- (ii) Nagarjuna Oil Refinery Limited

- (iii) Nagarjuna Impex Private Limited
- (iv) Nagarjuna Foundation

**32.2 Related party transactions during the year ended March 31, 2016 are as under:**

Nature of transaction	Subsidiaries	Key Mgmt. Personnel	Relatives of Key Mgmt. Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Advances given</b>				
Nagarjuna Industrial Services and Investments Private Limited	37.55 (636.54)	-	-	-
Nagarjuna Oil Refinery Limited	-	-	-	239.60 (492.39)
<b>Interest income</b>				
Nagarjuna Industrial Services and Investments Private Limited	0.43 -	-	-	-
<b>Remuneration</b>				
Shri K S Raju	-	71.18 (69.16)	-	-
Shri K Rahul Raju	-	70.06 (69.16)	-	-
<b>Recovery of remuneration</b>				
Shri K S Raju	-	8.79 -	-	-
Shri K Rahul Raju	-	8.14 -	-	-
<b>Provision for diminution in the value of investment</b>				
Nagarjuna Industrial Services and Investments Private Limited	352.24 (2,678.14)	-	-	-
Jaiprakash Engineering and Steel Company Limited	460.00 -	-	-	-
<b>Rent paid</b>				
Shri K Rahul Raju	-	589.11 (553.39)	-	-
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	-	-	(19.32)	-
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	-	-	30.07 (29.66)	-
Nagarjuna Impex Private Limited	-	-	-	20.53 (20.24)
Nagarjuna Agrichem Limited	-	-	-	6.00 (6.74)
<b>Corporate Social responsibility (Donation)</b>				

Nagarjuna Foundation	-	-	-	73.75
	-	-	-	(80.00)

Note: Figures in brackets represent previous year transactions.

### 32.3 Balances outstanding at the year end March 31, 2016.

in Lakhs					
Nature of transaction	Subsidiaries	Associates	Key Mgmt. Personnel	Relatives of Key Mgmt. Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Loans and Advances</b>					
Nagarjuna Industrial Services and Investments Private Limited	2,889.86 (2,852.31)	- -	- -	- -	- -
Nagarjuna Oil Refinery Limited	- -	- -	- -	- -	1,118.80 (879.21)
<b>Investments</b>					
Nagarjuna Industrial Services and Investments Private Limited	3,037.50 (3,037.50)	- -	- -	- -	- -
Jaiprakash Engineering and Steel Company Limited	2,256.17 (2,256.17)	- -	- -	- -	- -
Nagarjuna Agricultural Research and Development Institute	- -	2.50 (2.50)	- -	- -	- -
KVK Raju International Leadership Academy	- -	15.00 (15.00)	- -	- -	- -
<b>Provision for diminution in the value of investment</b>	3,490.38 (2,678.14)	17.50 (17.50)	- -	- -	- -
<b>Interest receivable from</b>					
Nagarjuna Industrial Services and Investments Private Limited	0.43 -	- -	- -	- -	- -
<b>Rental and other deposits with</b>					
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	-	-	-	0.75 (0.75)	-
Nagarjuna Agrichem Limited	- -	- -	- -	- -	0.40 (0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S	-	-	-	85.00	-

Raju and Sister of Shri K Rahul Raju)	-	-	-	(85.00)	-
Nagarjuna Impex Private Limited	-	-	-	-	5.00 (5.00)
Shri.K Rahul Raju	-	-	246.26	-	-
	-	-	-	-	-
<b>Rental deposits from</b>					
Nagarjuna Agrichem Limited	-	-	-	-	0.21 (0.21)
	-	-	-	-	-
<b>Trade Payables</b>					
Shri.K Rahul Raju	-	-	108.07	-	-
	-	-	(116.38)	-	-
Nagarjuna Impex Private Limited	-	-	-	-	1.57 (1.53)
	-	-	-	-	-
<b>Other Current Liabilities</b>					
Shri K S Raju	-	-	3.67	-	-
	-	-	(6.82)	-	-
Shri K Rahul Raju	-	-	4.39	-	-
	-	-	(11.64)	-	-

Note: Figures in brackets represent previous year transactions.

**33. Earnings per Share:**

Particulars	Unit of Measurement	2015-16	2014-15
Net (Loss) after tax	(` in Lakhs)	(11,401.36)	(36,662.60)
Number of Equity shares (fully paid up)	(Numbers)	598,065,003	598,065,003
Earnings per share – Basic & Diluted (Face value of ` 1/- per share)	[ 1 ] / [ 2 ]	(1.91)	(6.13)

Note: The Company has no dilutive instruments as at March 31, 2016, as such dilutive earnings per share equals to Basic Earnings per share.

**34. Auditors' Remuneration:**

	` in Lakhs	
Fee towards:	2015-16*	2014-15*
Statutory Audit	57.25	44.94
Tax Audit	8.59	8.43
Limited Review	17.12	16.86
Certification and other Services	20.69	22.99
Reimbursement of Expenses	5.62	5.62
<b>Total</b>	<b>109.27</b>	<b>98.84</b>

**35. Cost of Materials Consumed:**

Particulars	2015-16		2014-15	
	%	Value (` in Lakhs)	%	Value (` in Lakhs)
Imported	0	416.81	1	594.17
Indigenous	100	115,017.49	99	59,268.38
<b>Total</b>	<b>100</b>	<b>115,434.30</b>	<b>100</b>	<b>59,862.55</b>

**36. Value of Stores and Spares Consumed:**

Particulars	2015-16		2014-15	
	%	Value (` in Lakhs)	%	Value (` in Lakhs)
Imported	10	99.87	10	273.27
Indigenous	90	865.60	90	2,556.42
<b>Total</b>	<b>100</b>	<b>965.47</b>	<b>100</b>	<b>2,829.69</b>

**37. CIF value of Imported Goods:**

	` in Lakhs	
Particulars	2015-16	2014-15
Spares	776.37	1,244.97
Traded Products	7,357.71	7,086.73
Capital Goods	1,840.91	297.42

Total 9,974.99 8,629.12

**38. Expenditure in Foreign Currency:** in Lakhs

Particulars	2015-16	2014-15
Professional and Consultancy	1,989.32	1,224.38
Travel and Conveyance	85.11	109.18
Interest	311.09	384.16
Branch expenses	5.02	67.02
Others	61.33	54.99
<b>Total</b>	<b>2,451.87</b>	<b>1,839.73</b>

**39. Earnings in Foreign Currency:**

Particulars	in Lakhs	
	March 31, 2016	March 31, 2015
Services	956.01	705.27
Interest income	0.43	-
<b>Total</b>	<b>956.44</b>	<b>705.27</b>

**40. Particulars of Loans and Advances in the nature of Loans as required by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

	Name of the company	Balance as at		Maximum outstanding during	
		March 31, 2016	March 31, 2015	2015-16	2014-15
A	<b>Subsidiaries</b> Nagarjuna Industrial Services and Investments Private Limited	2,889.86	2,852.31	2,889.86	2,852.31
B	<b>Associates</b> Nagarjuna Oil Refinery Limited *	1,118.80	879.21	1,118.80	879.21
C	<b>Advances in the nature of Loans where there is no repayment schedule</b> Nagarjuna Industrial Services and Investments Private Limited Nagarjuna Oil Refinery Limited *	2,852.31 1,118.80	2,852.31 879.21	2,852.31 1,118.80	2,852.31 879.21
D	<b>Advances in the nature of Loans where no interest is charged or interest is below section 186 of the Companies Act, 2013</b> Nagarjuna Industrial Services and Investments Private Limited Nagarjuna Oil Refinery Limited *	2,852.31 1,118.80	2,852.31 879.21	2,852.31 1,118.80	2,852.31 879.21
E	<b>Advances in the nature of Loans to firms /companies in which directors are interested:</b>	Nil	Nil	Nil	Nil

Pursuant to the Composite Scheme of Arrangement and Amalgamation

**41. Particulars of Loans, Guarantees or Investments in accordance with Section 186 of the Companies Act, 2013 Loans, Guarantees given or Investments made during the Financial Year 2015-16**

Name of the entity	Relation	Lakhs	Particulars of Loans, Guarantees given or Investments made	Purpose for which the loans, guarantees and investments are proposed to be utilised
Nagarjuna Industrial Services and Investments Private Limited	Wholly owned subsidiary	37.55	Loan	For day to day operations
Nagarjuna Oil Refinery Limited	Enterprises significantly influenced by Key Management personnel	239.60	Loan	For day to day operations in terms of Composite Scheme of Arrangement and Amalgamation.

**42. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below: (as mandated by the Institute of Chartered Accountants of India in its announcement dated 05.12.2005)**

Particulars	Currency	March 31, 2016		March 31, 2015	
		In foreign currency	in Lakhs	In foreign currency	in Lakhs
Sundry Debtors	USD	691,934	458.98	261,952	163.96
Cash and Bank Balances	USD	-	-	2,012	1.26
	KES	-	-	68,027	0.47
	SGD	-	-	11,527	5.24
Advances receivables	USD	-	-	440	0.28
	EUR	445,117	334.26	435,000	293.67
Loans and advances to related parties	EUR	4,275,000	2,889.86	4,225,000	2,852.31
Interest accrued on advances given	EUR	572	0.43	-	-
Trade Payables	USD	14,402	9.55	-	-
	GBP	26,303	25.01	-	-
	EUR	235,280	176.68	-	-
	JPY	247,616	1.46	-	-
Borrowings	USD	5,699,765	3,780.82	9,811,993	6,141.41
	EUR	685,558	514.82	-	-

**43.** Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.

**44.** The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

**1. Summary of Consolidated Balance Sheet, Profit & Loss Account and Cash Flow statement for the last five financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 are as follows:**

**A. Summary of Consolidated Balance Sheet for last five financial years**

	Rs in Lakhs				
Particulars	31/3/2016	31/3/2015	31/3/2014	31/3/2013	31/3/2012
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
(b) Reserves and Surplus	153,190.01	164,182.17	210,316.15	232,565.18	224,547.11
	159,170.66	170,162.82	216,296.80	238,545.83	230,527.76
<b>Minority Interest</b>	2.83	2.84	2.84	2.84	
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	70,934.96	18,885.21	19,177.37	34,600.98	51,766.32
(b) Deferred Tax Liabilities (Net)	6,838.54	8,446.27	8,509.11	19,200.90	18,547.09
(c) Other Long Term Liabilities	7,384.47	5,279.30	14,506.12	4,098.84	3,842.12
(d) Long-Term Provisions	443.32	374.48	2,041.51	1,865.28	1,440.24
	85,601.29	32,985.26	44,234.11	59,766.00	75,595.77
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	93,437.41	100,259.24	121,453.71	251,219.25	153,508.61
(b) Trade Payables					
(A) Micro, Small, Medium Enterprises (MSMEs)	4.36				
(B) Other than MSMEs	165,553.99	101,249.65	87,754.39	40,714.28	61,685.06
(c) Other Current Liabilities	16,823.58	24,117.94	20,839.15	33,886.53	28,079.23
(d) Short-Term Provisions	127.64	297.57	3,633.41	1,988.58	7,045.10
	275,946.98	225,924.40	233,680.66	327,808.64	250,318.00
<b>Total</b>	<b>520,721.76</b>	<b>429,075.32</b>	<b>494,214.41</b>	<b>626,123.31</b>	<b>556,441.53</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	275,773.24	283,264.94	298,763.96	306,696.01	316,317.17
(ii) Intangible Assets	2,500.93	3,348.72	3,439.80	3,931.20	4,422.60
(iii) Capital work-in-progress	708.61	307.47	3,012.49	632.15	86.65
(b) Non-Current Investments	-	-	-	17.50	2,277.46
(c) Long-term Loans and Advances	4,402.24	3,599.56	3,709.37	4,005.82	1,060.37
(d) Other Non-Current Assets		28.47	35.74	445.72	183.00
	283,385.02	290,549.16	308,961.36	315,728.40	324,347.25
<b>Current Assets</b>					
(a) Inventories	22,815.72	16,480.42	25,120.84	24,331.00	22,749.63
(b) Trade Receivables	198,999.44	107,036.97	132,952.92	243,900.97	173,585.86
(c) Cash and Bank balances	9,457.39	7,809.68	9,344.41	32,556.78	28,038.04
(d) Short-Term Loans and Advances	5,551.50	6,947.21	17,469.09	8,567.23	7,297.75
(e) Other Current Assets	512.69	251.88	365.79	1,038.93	423.00
	237,336.74	138,526.16	185,253.05	310,394.91	232,094.28
<b>Total</b>	<b>520,721.76</b>	<b>429,075.32</b>	<b>494,214.41</b>	<b>626,123.31</b>	<b>556,441.53</b>

**B. Summary of Consolidated Profit & Loss statement or last five financial years**

Rs in Lakhs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Income</b>					
Revenue from Operations					
Sale of Products (including Subsidy)	365,661.86	252,675.49	344,451.88	547,762.39	498,830.78
Sale of Services	1,027.56	805.83	999.70	1,466.91	1,065.51
Other Operating Revenues	212.63	264.76	249.25	109.18	217.59
	366,902.05	253,746.08	345,700.83	549,338.48	500,113.88
Less: Excise Duty	725.42	593.80	857.70	876.81	885.89
	366,176.63	253,152.28	344,843.13	548,461.67	499,227.99
Other Income	2,850.38	4,102.30	3,607.28	3,522.17	3,152.14
<b>Total</b>	<b>369,027.01</b>	<b>257,254.58</b>	<b>348,450.41</b>	<b>551,983.84</b>	<b>502,380.13</b>
<b>Expenses</b>					
Cost of Materials Consumed	115,434.30	59,862.55	71,379.86	74,745.93	63,822.35
Purchase of Traded Products	87,364.19	106,685.24	144,382.62	308,514.82	305,717.81
(Increase) / Decrease in Stock	(6,008.03)	(5,038.02)	1,339.85	(857.17)	(15,634.06)
Power and Fuel	86,400.40	39,745.60	47,953.39	45,003.82	39,726.85
Employee Benefits Expense	14,743.49	13,776.10	13,691.22	13,157.60	13,475.17
Finance Cost	32,942.03	23,649.34	28,174.61	26,423.50	15,305.51
Depreciation and Amortization	9,298.73	9,350.50	12,614.70	12,310.89	11,701.34
Other expenses	41,517.42	32,348.05	40,958.24	56,174.71	44,994.41
<b>Total</b>	<b>381,692.53</b>	<b>280,379.36</b>	<b>360,494.49</b>	<b>535,474.10</b>	<b>479,109.38</b>
<b>Profit / (Loss) before exceptional and extra ordinary items and tax</b>	<b>(12,665.52)</b>	<b>(23,124.78)</b>	<b>(12,044.08)</b>	<b>16,509.74</b>	<b>23,270.75</b>
Exceptional Items	-	12,392.17	20,561.40	-	-
<b>Profit / (Loss) before extraordinary items and tax</b>	<b>(12,665.52)</b>	<b>(35,516.95)</b>	<b>(32,605.48)</b>	<b>16,509.74</b>	<b>23,270.75</b>
Extraordinary Items	-	3,184.62	-	-	-
<b>Profit / (Loss) before tax</b>	<b>(12,665.52)</b>	<b>(38,701.57)</b>	<b>(32,605.48)</b>	<b>16,509.74</b>	<b>23,270.75</b>
<b>Tax Expense</b>					
(a) Current Tax	0.15	-	11.02	7,471.72	7,950.04
(b) Adjustments relating to earlier years	-	-	1,631.39	-	132.76
(c) Deferred Tax	(1,607.73)	499.20	(10,691.79)	653.80	1,395.53
<b>Profit / (Loss) after tax before Minority Interest</b>	<b>(11,057.94)</b>	<b>(39,200.77)</b>	<b>(23,556.10)</b>	<b>8,384.22</b>	<b>13,792.42</b>
Share of Loss transferred to Minority Interest	0.01	-	-	-	-
Share of Loss from Associate Company	-	-	-	(3.79)	-
<b>Profit / (Loss) for the year</b>	<b>(11,057.93)</b>	<b>(39,200.77)</b>	<b>(23,556.10)</b>	<b>8,380.43</b>	<b>13,792.42</b>
<b>Earnings per equity share of face value of ` 1/- each</b>					
Basic and Diluted	(1.85)	(6.55)	(3.94)	1.40	2.31

### C. Summary of Consolidated Cash Flow Statement for last five financial years

Rs in Lakhs

	2015-16	2014-15	2013-14	2012-13	2011-12
<b>A. Cash Flow from Operating Activities</b>					
Net Profit before Tax	(12,665.52)	(38,701.57)	(32,605.48)	16,509.74	23,270.75
Adjustments:					
Depreciation/Amortisation	9,298.73	9,350.50	12,614.70	12,310.89	11,701.34
Provision for Impairment	-	3,184.62			
Provision for Doubtful Debts / Advances	149.49	846.38			
Finance Cost	32,942.03	23,649.34	28,174.61	26,423.50	15,305.51
Provision for Diminution in value of Investments		-	17.50		
Exchange Fluctuations		300.47			
Dividend from Mutual Funds				-	(102.85)
(Profit) /Loss on sale of assets / assets discarded/assets decapitalised	567.35	1,684.09	471.15	(1.62)	58.90
<b>Operating Profit before working capital changes</b>	<b>30,292.08</b>	<b>313.83</b>	<b>8,672.48</b>	<b>55,242.51</b>	<b>50,233.65</b>
Movements in working capital:					
Increase/(decrease) in trade payables	58,491.18	2,860.20	85,082.26	41,377.98	50,224.48
Increase / (decrease) in buyers / suppliers credit			(167,259.22)	44,880.97	80,880.42
Increase/(decrease) in long term provisions	68.84	(1,667.03)	176.23	425.04	69.52
Increase/(decrease) in short term provisions	(169.93)	273.27	61.12	(530.26)	596.00
Increase/(decrease) in other current liabilities	(862.18)	1,288.79	(497.75)	162.43	1,927.51
Increase/(decrease) in other long term liabilities	2,105.17	130.76	549.70	256.72	1,819.99
					(118,776.88)
Decrease/(increase) in trade receivables	(92,111.96)	25,435.47	110,948.05	(70,315.11)	
Decrease/(increase) in inventories	(6,335.30)	8,640.42	(789.84)	(1,586.56)	(15,836.18)
Decrease/(increase) in long term loans and advances	(338.74)	(496.12)	(187.00)	(56.03)	(182.77)
Decrease/(increase) in short term loans and advances	1,515.14	10,159.76	(8,770.61)	(1,439.14)	(1,083.31)
Decrease/(increase) in other current assets	(260.81)	113.91	673.14	(609.66)	(276.59)
Decrease / (increase) in other non current assets				(262.72)	(3.26)
Cash generated from/(used in) operations	(7,606.51)	47,053.26	28,658.56	67,546.17	49,592.58
Direct Taxes Paid (net of refunds)	(113.64)	(3,615.30)	(58.57)	(5,042.95)	(8,669.03)
<b>Net cash flow from operating activities</b>	<b>(7,720.15)</b>	<b>43,437.96</b>	<b>28,599.99</b>	<b>62,503.22</b>	<b>40,923.55</b>
<b>B. Cash Flow from Investing activities</b>					
Purchase of fixed assets and CWIP	(2,386.69)	(2,223.99)	(6,581.06)	(3,646.44)	(5,871.34)
Amalgamation Expenses				-	(500.16)
Margin Money Deposits	(1,269.77)	(1,643.85)	12,578.30	(4,521.84)	(7,068.65)
Fixed Deposits	(1.28)	(1.14)	(1.11)	4.96	
Proceeds from Sale of fixed assets	(10.92)	21.73	21.65	3.71	12.12
Proceeds from Sale of Current Investments				-	9,213.24
Dividend received from Mutual Funds				-	102.85
Foreign Currency Translation Reserve	65.60	27.78	758.47	62.69	260.53
<b>Net cash flow from / (used) in investing activities</b>	<b>(3,603.06)</b>	<b>(3,819.47)</b>	<b>6,776.25</b>	<b>(8,096.92)</b>	<b>(3,851.41)</b>

<b>C. Cash flow from Financing activities</b>					
Proceeds from Sales Tax Deferral				-	1,343.49
Proceeds from Short Term Borrowings				-	12,494.03
Proceeds from long term borrowings	61,249.47	5,000.00	1,375.38	24.00	2,660.00
Increase/(decrease) in Buyers/Suppliers credit	(1,004.14)	(11,195.95)			
Redemption of Preference Share Capital				-	(1,860.19)
Repayment of Short Term Borrowings			-	(9,494.03)	(8,700.00)
Repayment of long term borrowings	(15,203.46)	(13,990.00)	(17,070.10)	(16,549.83)	(15,011.28)
Finance Costs paid	(33,368.44)	(22,616.44)	(30,720.98)	(21,740.08)	(14,465.98)
Dividend Paid	(2.03)	(3.09)	(5.71)	(5,694.95)	(4,042.42)
Dividend Tax paid			-	(970.21)	(694.65)
<b>Net cash flow used in financing activities</b>	<b>11,671.40</b>	<b>(42,805.48)</b>	<b>(46,421.41)</b>	<b>(54,425.10)</b>	<b>(28,277.00)</b>
<b>Net Increase/(decrease) in cash and Cash equivalents</b>	<b>348.19</b>	<b>(3,186.99)</b>	<b>(11,045.17)</b>	<b>(18.80)</b>	<b>8,795.14</b>
<b>Cash and cash equivalents as at beginning of the year</b>	<b>3,297.75</b>	<b>6,484.74</b>	<b>17,529.91</b>	<b>17,545.97</b>	<b>8,750.83</b>
<b>Add: on account of Consolidation</b>			-	<b>2.74</b>	
<b>Cash and cash equivalents as at end of the year</b>	<b>3,645.94</b>	<b>3,297.75</b>	<b>6,484.74</b>	<b>17,529.91</b>	<b>17,545.97</b>

## SECTION VI – MANAGEMENT’S DISCUSSION & ANALYSIS

*Statements in Management Discussion and Analysis describing the Company’s objectives, projections, estimates and expectation may be “forward looking” within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.*

### **The Indian Economic Scenario**

The Indian economy has revived owing to the policies and initiatives of the Government of India. The Gross Domestic Product (GDP) growth, which was going below 5% levels in past two fiscal years has picked up and shown genuine improvement. Growth in the current year, while not spectacular, has moved up firmly into the 5%+ handle. This improvement has come on the back of improved performance in the industrial sector, stable growth in the services sector and a surprisingly resilient agriculture sector.

The Reserve Bank of India has cut interest rates owing to lower inflation thereby easing the pressure on the private sector. Lower rates as well as the government’s infrastructure and disinvestment programs is expected to provide a boost to domestic-oriented industries.

Foreign investments have also grown owing to an improvement across most macroeconomic parameters. The more important and stable flows through the Foreign Direct Investment (FDI) route have also picked up as the Government increased the level of permissible investments in some sectors. The capital markets have continued to scale record levels as euphoria has built up on the possible trajectory of the Indian economy.

The Indian economy is expected to grow at a marginally higher rate at 7.5 per cent during the year 2015 compared with 7.2 per cent in 2014. It has been projected that India is expected to overtake China as the fastest growing emerging economy in 2015-16 by clocking a growth rate of 7.5 per cent, helped by its recent policy initiatives, pick-up in investments and lower oil prices.

The Government’s aggressive measures to attract foreign investment and the honorable Prime Minister’s call for ‘Make in India’ program is further expected to give new lease of life to the manufacturing sector in India. However, the positive measures taken by the Government may be dented in view of the predicted deficient monsoon, various stalled projects in view of the stand off on the Land Acquisition Bill and the overall global economic scenario.

### **Agriculture Sector**

The agriculture sector continues to play a dominant role in the Indian economy both in terms of contribution to GDP and also provides employment to millions across the country.

Over 70 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, accounts for one-third of the nation’s GDP and is its single largest contributor.

The Government has taken a number of steps for sustainable development of Agriculture. Enhanced institutional credit to farmers; promotion of scientific warehousing infrastructure including cold storages and cold chains in the country for increasing shelf life of agricultural produce; Improved access to irrigation, provision of Price Stabilisation Fund to mitigate price volatility in agricultural produce; Mission mode scheme for Soil Health Card; Setting up of Agri-tech Infrastructure fund for making farming competitive and profitable; provision of institutional finance to joint farming groups, development of indigenous cattle breeds and promoting inland fisheries and other non-farm activities to supplement the income of farmers have been some of the initiatives taken by the government.

The Indian agriculture sector is expected to grow faster in the next few years owing to increase in investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs, time, better port gate management and fiscal incentives will also contribute to this upward trend. Furthermore, the increased use of genetically modified crops, coupled with appropriate use of fertilizers and growing awareness of the use of micro irrigations systems, is also expected to better the yield of the Indian farmers.

However the predicted deficient monsoon is expected to impact the sector negatively. The government has already announced that it is geared to handle any exigencies.

### **Fertilizer Sector**

The chemical fertilizer sector has played a very significant role in meeting the domestic requirement of food grains and has facilitated in generating exportable surplus. The country has achieved 80% self-sufficiency in production capacity of Urea. As a result, India could manage its substantial requirement of nitrogenous fertilizers through the indigenous industry.

The Government of India has recently come out with several policy decisions which aim to contain subsidy outgo, improving energy efficiency, leveling input costs and preventing diversion of urea from agriculture. It is expected that these policies will have a significant impact on individual fertilizer players and the overall industry in the near future. Some of these measures are enumerated below:

**Gas Pooling :** Government of India, Ministry of Petroleum and Natural Gas notified in May,2015 Guidelines for Pooling of Gas in Fertilizer (Urea) Sector effective from 1st July,2015 in pursuance of the approval in March 2015 of the Cabinet Committee on Economic Affairs(CCEA). The domestic gas will be pooled with the Re-gasified Liquefied Natural Gas (R-LNG) to provide natural gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants for the purpose of manufacturing of urea. The Gas pooling policy of the government for the Urea sector alters the dynamics of the urea industry by leveling gas costs for all gas-based unit and mixed impact on the industry positive for some units and negative for some.

Gas pooling would over all help the urea industry as it would provide a common gas price base to the industry as natural gas accounts for ~75-80% of the cost of production of urea. This would also facilitate the industry to increase production levels, while reducing overall cost of urea. With the gas pooling policy all gas based urea units are expected to receive full requirement of gas and produce to their maximum level production.

It will, however, increase the cost of production for the company apart from requiring higher working capital limits.

**New Urea Policy 2015:** Government of India, Ministry of Chemicals and Fertilizers notified New Urea Policy 2015 (NUP 2015) in May 2015 for existing gas based urea manufacturing units. NUP (2015) will be effective from June 2015 to March 2019 replacing existing modified NBS III and New Investment Policy 2008. The policy has two major changes, tighter energy consumption norms and change in formula for computing fixed cost beyond reassessed capacity. Under NUP-2015, for production beyond the Re-Assessed Capacity (RAC), the units will be entitled for their respective variable cost and a uniform per MT incentive equal to the lowest of the per MT fixed costs of the all the indigenous urea units (currently at `2300 / MT) subject to import parity price plus weighted average of other incidental charges which the Government incurs on the imported urea.

The Government will reimburse urea manufacturers based on new energy efficiency norms and loss in energy savings for urea manufacture will translate into gain for the Government. As the production beyond RAC is link to landed cost of urea imports on Government account, the Government benefits in both scenarios of higher and lower landed cost of imported urea than the indigenous urea cost of production. The policy will benefit the Government as overall subsidy outgo is expected to reduce.

Neem coated urea: The Government of India has decided in May 2015 to make it mandatory for all indigenous urea producers to produce 100% of the total production of subsidized urea as Neem coated urea. Neem coating of urea is environmental friendly as it leads to more gradual release of urea, helping plants gain more nutrients and resulting in higher yields, apart from lower underground water contamination due to leaching of urea. It is also expected that profitability of farmers and the industry will increase in view of usage of neem coated urea. It will also reduce subsidy out go of the government.

The company believes that the recent policy intervention and measures taken by the Government would augur well for the industry and is a step towards decontrol of urea under the ambit of nutrient based subsidy (NBS) scheme over the medium and long term.

### **Company's strengths and opportunities**

The company's main strength lies in an excellent track record of project execution, achieving high production levels and safety and energy efficiency. It has the twin advantages of having the raw material and the market at its door step. However your company is looking for new opportunities to further enhance its revenue streams and as such is exploring various avenues both in India and abroad.

### **Threats and Concerns**

The company's main product continues to be under the regulatory regime and this continues to affect your company adversely. Inadequate availability of gas is also another major concern that is effecting the profitability of the company.

Owing to the blast in gas pipeline of GAIL on June 27, 2014 and the resultant non- supply of gas, your company's plants were shut down till August 16, 2014. The production was restored in a phased manner based on restoration of supply of gas by GAIL. Due to inadequate supply of gas for most part of the year coupled with delayed receipt of subsidy from Government of India, leading to delayed repayment of term loans and increase in interest cost, your company is facing severe financial setbacks leading to shortage of working capital and has registered a loss of `366 62 Crores. Your company is taking corrective steps by discussing with its lenders and is hopeful of bringing stability to the funds position of the company.

### **Outlook/ Future plans**

The company is exploring various growth opportunities to enhance its revenue streams and in this regard is looking at various projects both in India and abroad.

### **Internal control and Risk Management**

The company has adequate internal control systems in place commensurate with the size of the company. Your company has a structured internal audit and risk management framework which encompasses the entire operations of the company- plant, marketing, finance, and other services sector.

The company has a web based legal compliance management system which covers the corporate office, plant office, MI division and all the marketing offices. The system provides for close monitoring of the various statutory compliances and checks and balances are built in into the system.

## **Financial Performance vis a vis Operational Performance for FY 2015-16**

### **Plant Operations**

#### **Urea**

The company during the year manufactured 13.41 LMT of urea as against 9.32 LMT in the previous year.

The reduction in the production during the year compared to previous year was due to shortage / non- supply of natural gas to the company.

#### **Micro-Irrigation**

The company achieved a production of 1,071 Lakh Mtrs against 1,547 Lakh Mtrs during the previous year.

### **Marketing**

#### **Urea**

The company achieved a sale of manufactured urea of 18.13 LMT compared to 9.33 LMT in the previous year.

The total urea sales for both manufactured and imported was 22.68 LMT compared to 22.35 LMT of previous year.

### **Other Traded Products**

#### **Bulk Products**

The company sold 1164 MT of Traded Bulk products during the year

#### **Specialty Fertilizers**

The company sold 16968 MT of Specialty Fertilizers during the year.

#### **Micro-nutrients**

The company sold 6268 MT of Micro-nutrients during the year

### **Financial performance**

The Loss after tax for the year was Rs. 114.01 Crores against loss after tax of Rs. 366.62 Crores for the previous year. The main contributors to the loss was on account of short supply of Natural Gas, impairment loss.

The company during the year ended March 31, 2016 continued to face severe working capital / liquidity mismatches.

Consequent to lower supply of Gas, the Plants were running at low load operations resulting in higher energy consumption during the year resulting in a loss.

### **Human Resources and industrial Relations**

The company during the previous year continued to have good industrial relations with all its employees at all levels. The company's constant endeavor has been to attract, retain and nurture human talent by developing a strong culture of human values and encourage its employees to realize their individual goals which are in consonance with organizational goals. Various initiatives are taken to impart training and development activities so that employees are prepared to take up new challenges for their own development and also for the overall well being of the company.

**SECTION VII – LEGAL AND OTHER INFORMATION**

**OUTSTANDING LITIGATIONS AND DEFAULTS**

**Outstanding Litigations filed against the Company**

**Outstanding Litigations filed against the Company**

**1) CASES FILED AGAINST COMPANY :**

**A) Civil Courts**

<b>Sl. No.</b>	<b>Case No.</b>	<b>Subject</b>	<b>Court</b>	<b>Amount involved (in `)</b>	<b>Case History</b>	<b>Status</b>
<b>Plant</b>						
1	O.S.No.515/2011	Filed by M/s MVS Securities & Detective Agency, Kakinada	III Addl Sr Civil Judge, Kakinada	5,02,737	Claiming additional amounts for extra duties. Suit decreed against the company	Company filed appeal - Pending
<b>Investors Services</b>						
1	Misc Case No. 4287 of 15 and Title Suit No. 36 of 1996  Pankaj Kumar Daw Vs NFCL	Case relating to transfer of shares	City Civil Court, Kolkata	NA		Matter restored. Next date of hearing 04/06/16
<b>Land Acquisition</b>						
1	EP 194/2010 in OP No.203/93	Filed by Mrs. Mummadi Veeraraghavamma & Others Enhancement of Compensation on the lands acquired by the Company	Principle Sr. Civil Judge Court, Kakinada	12,61,398	To enhance the compensation for land acquired	Amount deposited in the Court  Pending
2	LAAS No.286/2008	Filed by Jyothula Ratnaji Rao	Sr.Civil Jduge Kakinada	NA	Supreme Court dismissed the SLP.  E.P. Pending before City Civil Court, Kakinada	Compensation amount deposited in the Court. E.P. Pending
<b>HRD – Employees cases</b>						
1	O.S.NO. 717/2007  CCC No. 139/2015	Filed by an employee Mr. R. Kistaiah for Re-instatement of service or for damages.	III Addl. Chief Judge, City Civil Court, Hyderabad	1,50,100/-	Removed from service for his misconduct	Suit filed by Mr. Kistaiah dismissed  He filed

Sl. No.	Case No.	Subject	Court	Amount involved (in `)	Case History	Status
						appeal in the High Court of Andhra Pradesh.
2	I.D.No.43/2006 Mr. D. Trimurtulu	For Re-instatement in Service	Redressal Tribunal cum Presiding Officer, Labour Court, Vizag	NA	Mr. D. Trimurtulu an employee in bagging section was terminated on medical grounds. He challenged his termination in the Tribunal. His son has been appointed as Security Guard with the Security Agency at Kakinada Plant.	Matter pending
3	25785/2013 Mr. A M Rajashekhar  Mr. A M Rajasekhar Gratuity Case	Termination of service  Payment of Gratuity	City Civil Court, Bangalore  Before the Labour Commissioner, B'lore	NA	Mr. A M Rajashekhar working as Manager in Bangalore office was terminated on certain allegations.  Gratuity	Issues settled  Company directed to pay Rs. 18,325/-
4	Mr. Raj Kumar Vs. Ikisan (NFCL)		Asst. Labour Commissioner, Ferozepur	NA	Re-instatement of service	Pending
5	32/2015 Mr H M V Prasad	Termination of service	Addl. Industrial Tribunal, Nampally	NA	Removed from service for his misconduct	Pending
<b>Marketing</b>						
1	Civil suit at Gondia	Filed by Mr. Rahul M/s. Krishi Vikas Kendra	Civil Judge Senior Division, Gondia RCS No.42/2015	NA	Suit filed for specific Performance of contract & Injunction Substituting the name of plaintiff in the place of Dealer	Written Statement filed and matter posted for trial.

Quality Control Cases						
1	778/12	Gangadhar Agencies, Bellary  NFCL Rep. Mr Krishna Kumar	Bellary Court	NA	Lite DAP sample failure case Case against the dealer dismissed. Case was split and Pending against the then RM, Mr. Birdar. He resigned and left the company long back. His whereabouts are not known to us. The notice was not served on him.	Pending
2	917/2006	Filed by Asst. Director Agriculture, Ongole, Vs NFCL rep. by R M	Addl. IVth Munsif Magistrate Court, Ongole		Quality of the product (Seeds)	Pending Case filed against Mr. Ram Prasad. After he left the company we filed a petition to implead Mr.SVS Mahla and the same was dismissed. Matter pending.
3	STC.211/2008	Filed by Asst. Director Agriculture, Vinjamur VS NFCL Rep. by R M Mr. Ram Mohan Rao	ADFCM, Nellore		Quality of the product	Pending
4	CC 118/12	Quality Control  NFCL Rep. (Mr L V Ramana Reddy) Mr. Ram Mohan Rao	2 <sup>nd</sup> Additional Judicial Magistrate of 1 <sup>st</sup> Class Court, Nellore		Quality of the product	Pending
5	CC 681/2012	Quality Control NFCL Rep. Bhupathi Raju Venugupal Raju	4 <sup>th</sup> Additional Jr. Civil Judge, Guntur		Quality of the product	Pending
6	CC 63/2014	Quality Control  NFCL Rep. Leela Prasad	Additional Judicial first class Magistrate, Nizamabad		Quality of the product	Pending
8	CC 191/2015	Quality Control Mr.R.Krishna Kumar	Civil Judge, Alur, Hasan district,		Quality of the product	Pending

			Karnataka			
9	CC No.66/2014	Quality Control case Mr.Gopal Reddy	Judicial Magistrate 1 <sup>st</sup> Class at Paranda		Quality of the product	Pending
10	CC No. 774/14	Quality Control Case Mr.Harinarayana Reddy	IV Addl .Jr. Civil Judge, Guntur		Quality of the product	Pending
11.	CC 353/15	B Venkata Sesaiah	Rajahmundry		Quality of the product	Pending
12.	96/2012 (638/2012)	Seeds, Mr Nagaraju, Karimnagar	Karimnagar		Quality of the product	Pending
<b>Ikisan division</b>						
1	W P No.6777 of 2015	Virtual Galaxy Infotech Limited (Virtual)	High Court of Bombay, Nagpur Branch	NA	Virtual has filed a Writ Petition against Government of India and impleaded NFCL in relation to the Letter of Approval granted seeking direction to small farmers agri-business consortium to issue fresh request for proposal	Matter pending

#### B) Consumer Forum Cases

Sl No.	Case no.	Subject	Court	Case History	Status
1	C.C.No 95, 99, 100, 102 to 108/ 2010  FASR Nos. 1312, 1314 to 1321 of 2011 and 1323 of 2011	Filed by Shankarvalli and 9 others	State Commission Tamilnadu at Chennai	Compensation for loss of crop against irrigation material supplied by the company. The Dist. Forum allowed the complaints and company filed appeal in State Commission, Chennai against the orders of the Dist Forum, Nagapattinam.  State Commission remanded the matter to the DCF, Nagapattinam for fresh hearing and the same is pending.	Pending
2	C C No.17/2015	Dhandapani Ve NFCL	District Consumer Forum, Cuddalore	Complaint filed stating that the MIS supplied by the Company is not good quality and claiming compensation for loss of Crop etc	Claiming an amount of 7,20,000/-  We filed counter and contesting the matter. Pending.

Sl No.	Case no.	Subject	Court	Case History	Status
3.	C C.No.17/2015	Kishore vs NFCL	State Commission Cuttack	The dealer is claiming an amount of `60 lacs stating that due to sub standard material supplied by the Company he incurred losses.	Claiming nearly `60 lacs.  Pending

### C) Other Cases

S. No.	Case No.	Subject	Court	Amount ( )	Case History	Status
1	O S No. 4/2008	Seri Siva Lakshmi	Sr. Civil Judge, Siddipet		Seri Sivalakshmi filed a suit before the Civil Judge, Siddipet claiming that Ac.2.40 Gts belongs to her in the NFCL land purchased during 1998. She filed sale deeds in the Court. We are contesting the matter. At the stage of arguments Seri Siva Lakshmi filed 2 petitions in the Court to reopen and appointment of Commissioner. Both the petitions were dismissed by the Court. She preferred appeal in HC of A.P & the same were dismissed. She filed SLP in the Supreme Court.	For Arguments
2	Case No. MVOP 595/2014	Insurance claim	Tanuku Court		Company has been made a party for insurance claim for third party Vehicle which met with an accident.	Pending

## 2. CASES FILED BY THE COMPANY:

### A. Civil Cases

S. No	Case no.	Subject	Court	Amount involved	Case History	Status
<b>HRD</b>						
1	O.S.No. 205/2009 Mr.D.P. Chakrabarthi	Absconding from service	2 <sup>nd</sup> Sr.Civil Judge, City Civil Court, Hyderabad	9,24,508/-	The employee was working as Scientist in R&D dept, Wargal and is absconding from the services of the company violating the terms and conditions of the agreement entered into at the time of joining. The Company filed a suit on the employee. The suit is decreed.	Execution Petition to be filed. Details of location of employee and property details awaited.
2	O.S.No. 2198/2008	Absconding from service	2 <sup>nd</sup> Sr. Civil Judge, City Civil Court,	9,00,000/-	The Employee was working as Scientist in R&D dept, Wargal and is absconding from the	Execution Petition to be filed Details of location of employee and

S. No	Case no.	Subject	Court	Amount involved	Case History	Status
	D.Kishore		Hyderabad		services of the company violating the terms and conditions of the agreement entered into at the time of joining. The Company filed a suit on the employee. The suit is decreed.	property details awaited.
3	Mr. Vamsi Krishna	O.S.No. 1156/14	Hyderabad	7,50,000	Mr. Vamsi Krishna working in IT Dept. resigned from the company without completing the statutory period of service.  We have issued legal notice and as there is no response we have filed a suit against the employee. Suit Decreed.	Pending
4	Mr. Chiranjeevi	O.S.No. 1155/14	Hyderabad	Rs7,50,000	Mr. Chiranjeevi working in R&D Dept., Wargal resigned from the company without completing the statutory period of service.  We have issued legal notice and as there is no response we have filed a suit against the employee. Suit Decreed	Pending

**B . Criminal Cases - SEC 138 OF N I ACT**

S. No.	Case no.	Subject	Court	Amount involved	Case History	Status
<b>Marketing</b>						
1	169/13	Venkata Ramana Enterprises	XIV Criminal Court, Nampally, Hyderabad.	2,60,000	The dealer has given cheque towards discharge of the due amount and the same has been dishonored. Hence company filed criminal case u/s 138.	Pending
2	168/13	T.Lakshminarayana Setty & Sons	XIV	1,36,000	- do-	Pending
3	3/11	Kisan Fertilisers	XIV	4,90,000	- do-	Pending
4	166/13	Raja Rajeswari Fertilizers & General Merchants	XIV	1,76,869	- do-	Pending
5	807/2005	Sudarshan Patra	XIV	13,00,000	- do-	Pending

S. No.	Case no.	Subject	Court	Amount involved	Case History	Status
6	926/2005 113/11	Maa Tarini Enterprises	XIV	2,97,000	- do-	Pending
7	533/2007	Sri Rajeswari Agencies	XIV	1,64,000	- do-	Pending
8	336/2008	Sri Srinivasa Agro Agencies	XIV	1,45,500	- do-	Pending
9	1156/2004	M.A. Subhan & Co.	XIV	1,00,000	- do-	Pending
10	41/13	Devi Fertilizers	XIV MM	1,81,521	-do-	Pending
11	1839/2009	Amol Agro Corporation	XIV	208,960	- do-	Pending
12	2197/13	Durga Malleshwara Enterprises, Nellore	XIV	88,000	- do-	Pending
13	2198/13	Sri Krishna Traders, Kadapa	XIV	22,00,000	-do-	Pending
14	2196/13	Bhavitha Traders	XIV	3,00,000	-do-	Pending
15	2194/13	Sri Manikanta Agro. Agencies	XIV	2,05,000	-do-	Pending
16	2199/13	Arvind Krishi Udyog Samooh	XIV	2,80,000	-do-	Pending
17	1804/13	Shri Agro Chemicals	XIV	2,75,000	-do-	Pending
18	1803/13	E Malaikolundha Pillai & Bros.	XIV	51,000	-do-	Pending
19	389/14	Borgude Fertilizers	XIV	25,46,000	-do-	Pending
20	Notice issued	Manjeet Agro	XIV	2,44,386	-do-	Pending
21	Notice issued	Shyam Irrigation	XIV	10,20,000	-do-	Pending
22	182/2016	Sri Kodanda Rama Fertilizers and Pesticides,	XIV	5,66,352.23	-do-	Pending
23	152/2016	Ram Enterprises	XIV	1,35,600	-do-	Pending
24	Notice issued	Sri Padmaja Seeds & Pesticides		2,54,006.37		

S. No.	Case no.	Subject	Court	Amount involved	Case History	Status
25	Notice issued	Krusha Pandhari Agro Traders		19,38,00.00		
<b>Micro Irrigation Division</b>						
1	CC 319/13	Muskan Bioagrotech	III Spl. MM	26,395	-do-	Pending
2	CC 318/13	Hari Om Irrigation Co.	III Spl. MM	3,30,075	-do-	Pending
3	CC 320/13	Lokpal Agricos & Fertilizers	III Spl. MM	2,52,497	-do-	Pending
4	2075/13	Shree Radha Krishna Traders	XIV Crt. Nampally	36,47,813	-do-	Pending
5	2073/13	Kishan Irrigation	XIV Crt. Nampally	7,69,031	-do-	Pending
6	2074/13	Shri Mangalam Agencies	XIV Crt. Nampally	6,57,562	-do-	Pending
7	Notice issued	Mauli Agro Agencies		5,92,296		
8	Notice issued	Mahariya and Co		4,06,144		

#### Micro Irrigation - Co-Operative Tribunal, Nanded

S. No	Case no.	Subject	Court	Amount involved	Case History	Status
1	C C No. 43/2006	Money recovery suit	Co Operative Tribunal, Nanded Transferred to Latur.	1.24 Crores	The Karkhana has not paid the money to the Company for the supplies made by the company to its farmers. Hence the suit was filed.	Suit dismissed. Company filed appeal against the order.

#### A) Execution Petitions

S No	Dealer Name	O.S.No	E.P.No	Court	Amount involved	Status
1	Naga Venkata Maruti Traders, Prakasham Dist	2378/04	1610/2011	PrI Dt Judge Court, Ongole	8,56,242	Decree obtained in favour of the company
2	Hari & Co Prakasam Dist.	217/04	32/2010	PrI Dt Judge Court, Ongole	34,83,391	Decree obtained in favour of the company
3	Sai Ram Traders, Medak Dist.	2432/04	197/10	Sr.Civil Judge Court, Rangareddy	2,61,455	Decree obtained in favour of the company

S No	Dealer Name	O.S.No	E.P.No	Court	Amount involved	Status
4	Malkaiah & Co Nalgonda dist.	3000/04	E.A.6/2011	Sr.Civil Judge Court, Bhongir	8,83,591	Decree obtained in favour of the company

#### B) High Court

Sl. No	Case no.	Subject	Court	Amount involved	Case History	Status
<b>Plant</b>						
1	Civil Appeal No.1946-47 of 2004 before Supreme Court of India O.P. No. 557/2000	Levy of Grid Support Charges in relation to the consumption of Power by the Company	High Court of Andhra Pradesh	4.5 Crores	The company filed writ Petition in the High Court of Andhra Pradesh against APERC and Transmission Corporation of Andhra Pradesh. The High Court granted Stay in this matter. But the APERC has filed an appeal in the Supreme Court against the orders of the High Court of A.P.	Pending in Supreme Court
2	W.P.No. 7198/2004	Payment of Electricity Duty	High Court of A.P.		Suspension of G.O. issued by Govt. of A.P. The company filed a W.P. against the State Govt. of A.P. and Chief Electrical Officer in relation to payment of Electricity duty @ rate of 25 Ps per unit. The court granted interim stay.	The Writ Petition has been dismissed by the High Court.
3	WP No.14715 of 2014	Water Tariff	High Court of Andhra Pradesh	45 Crores Per Annum	The Government of AP preferred appeal before the Division Bench against the order of Single Judge. Hon'ble Division Bench of HC remanded the matter to the Single Judge for fresh hearing.	High Court of A.P.
4	O.S.No. 262/2002  CCCA 97/13 SLP(c)798/14	Insurance Claim	XII Addl. Chief Judge (Fast Track) Court, Hyderabad	25,73,70,000	The company filed a suit O.S. No. 262/2002 for recovery of amount being the loss of profit suffered by the Company on account of the collapse of the East Side of the Ammonia Cooling Tower of Plant II, against United India Insurance, National Insurance Company Ltd, New India Insurance Company Limited, Oriental	High Court of A.P.  Pending  Leave granted by the Supreme Court of India and stay

					Insurance Company Ltd and IFFCO-Tokyo. Suit dismissed with a direction to pay ` 58 Lacs towards costs to opposite Advocate. Company filed appeal against the judgment & also filed a petition seeking stay with regard to payment of costs against the lower court order. High Court dismissed the petition. We have filed SLP in the Supreme Court & obtained stay order against the order of the High Court. Pending for hearing	continues in relation to the payment of advocate fee till the final disposal of the matter.
--	--	--	--	--	--	---

Land acquisition cases						
1	LAAS No.315, 317 to 319/06	Filed by Y. Sitayamma & others	High Court of Andhra Pradesh	4,35,600/ acre	To increase the compensation for land acquired	Pending
Marketing - Arbitration proceedings						
1.	CMA 190/2005 M V AKMI	Claiming charges of laytime	High Court	US\$ 15125 plus 12% interest per annum from January, 09, 1994	The matter had been referred to Arbitrator in relation to the dispute in calculating lay time calculations. The Arbitrator passed an award for US \$49959.76. The company filed a petition in the City Civil Court, Hyderabad to set aside the award of the Arbitrator. Aggrieved by the order of the Civil Court the company filed appeal in the High Court.	Pending
2.	CMA City of Beirut	Claiming Charges for laytime	Supreme Court of India	US \$ 3,11,79.90	The Palmyra Tsiris of S A (M V Beirut) has initiated Arbitration Proceeding against the Company, The Arbitrator gave award against the company. The Company filed appeal in the High Court of Delhi and the Court directed the Company to pay 50% of the amount. The company moved appeal in the Supreme Court to set aside the Orders of the High	Pending in Supreme Court

					Court. Not deposited any amount.	
--	--	--	--	--	-------------------------------------	--

### C) Supreme Court

Sl. No	Case No.	Subject	Court	Amount involved (₹)	Case History	Status
1.	Commissioner of Income Tax - IV Vs NFCL 16276 of 14 against ITA No.509/13 before the High Court of AP. Converted to Civil Appeal No.14137/15	Appeal filed in the Supreme Court against the Judgment of High court of A.P.	Supreme Court Income Tax Matter Assessment year 2006-07	15.56 cr	Cost of bi metallic stripper as Capital Expenditure as the replacement of bi metallic stripper has enduring benefit is valid in law	Counter to be filed Supreme Court Leave Granted, Hearing Expedited
2.	Commissioner of Income Tax - IV Vs NFCL 17634 of 2014 against ITA No.368/2013- High Court of A.P Converted to Civil Appeal No.14138/15	Appeal filed in the Supreme Court against the Judgment of High court of A.P.	Supreme Court Income Tax Matter Assessment year 2006-07		Cost of bi metallic stripper as Capital Expenditure as the replacement of bimetallic stripper has enduring benefit is valid in law	Counter to be filed Leave Granted, Hearing Expedited

### D) International Arbitration

Sl. No	Case No.	Subject	Court	Amount involved (₹)	Case History	Status
1	LCIA Arbitration No. 142698	Alleged Breach of Contract	LCIA	US \$ 6,173,474.59	NFCL and Key Trade entered into Two Contracts for supply of 50,000 Tons of DAP. Key Trade alleged that NFCL committed breach of contract. NFCL has filed a counter claim as Key Trade was breached the agreement.	Award passed against the company directing payment of USD 18,40,000 + interest at 5% PA.
2	Arbitration	Determination whether contracts were entered into	Arbitral Tribunal	US\$ 14,355,000 comprising of US\$ 11,825,000 for DAP contracts and US\$ 2,530,000 for NPS contract	Transammonia alleged that agreements were entered into by NFCL for supply of fertilizers and sought enforcement through Arbitration	Interim awards passed towards cost against NFCL for GBP 465,630 + US\$ 43,187.79 + GBP 15,000
3	Two Arbitrations	Default in terms of the Agreement	LCIA	USD 877,500 and Euro 455,000 + interest at	Technimont Spa Italy has alleged that NFCL has defaulted in terms of the Agreement of Work Orders for	Arbitration commenced

				18% p.a. (ii) `2,21,38,889 + 18% interest	early works of off shore services and on shore services	
--	--	--	--	--	--	--

**E) A) Cases with regard to Equity Shares/Shareholders of NFCL pending Consumer Forum**

As on March 31, 2016 there are 6 cases aggregating to 2,970 equity shares of the company are either held back or kept in abeyance pursuant to court orders, disputes on transfers, etc.

**B) Cases with regard to Equity Shares/Shareholders of NFCL pending in other Courts**

As on March 31, 2016 there are 116 cases aggregating to 1,38,853 equity shares of the company are either held back or kept in abeyance to court orders, disputes on transfers, etc.

**Outstanding Litigations against Promoters / Directors**

**Litigations against the Promoter / Directors**

- A. in relation to Nagarjuna Finance Limited (NFL):
  - (i) A Review Petition in the High Court of Andhra Pradesh.
  - (ii) A criminal petition filed before the Judicial Magistrate, Tanaku
- B. Himagiri Enterprises Private Limited –
  - (i) Criminal complaint under Section 138 of the NI Act

➤ **Litigation against the Subsidiary/Associate Companies**

**Jaiprakash Engineering and Steel Company Limited**

KIADB has issued a letter dated December 16, 2010 requesting the company to hand-over possession of 193.57 acres of land covered by certain survey nos in relation to the land allotted and handed over to JESCO for setting-up of the steel plant. JESCO had obtained an injunction from the High Court of Karnataka restraining KIADB from taking possession of the land. The Hon'ble High Court of Karnataka dismissed the Writ Petition on June 5, 2012 as the Company received the revised G O dated May 7, 2012 deleting the condition imposed by KIADB/Government of Karnataka for surrender of 193.57 Acres of land.

Government of Karnataka cancelled the GO dated May 7, 2012 and in view of the same the company filed a Writ Petition in High Court of Karnataka. The Hon'ble High Court of Karnataka granted injunction.

### **MATERIAL DEVELOPMENT**

There have been no material developments that have taken place after the date of last Audited Financial Statement, i.e. March 31, 2016 that may adversely affect the performance or prospects of the Company.

**GOVERNMENT AND OTHER APPROVALS**

**List of approvals obtained**

The Scheme of Arrangement has been sanctioned by the Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad and Hon'ble High Court of Judicature of Bombay at Mumbai.

**Following is the list of approvals received by the Company**

Sl. No	Type of License	Authority	License Number/ Consent Order/Registration No.	Date of Approval	Validity
1.	Industrial License for manufacture of Nitrogen	Department of Industrial Development Secretariat for Industrial Approvals, Ministry of Industry, GOI	CIL: 109 (78)	June 3, 1978	-
2.	Water (Prevention & Control of Pollution) Act, 1974 u/s 25/26	Andhra Pradesh Pollution Control Board	APPCB/VSP/KKD/100300/HO/CFO/2014-602	November 28, 2014	March 31, 2017
3.	Hazardous Waste Authorization	Andhra Pradesh Pollution Control Board	APPCB/VSP/KKD/100300/HO/CFO/2014-602	November 28, 2014	March 31, 2017
4.	Import Export Code	Ministry of commerce	0311032834	Not Applicable	
5.	Service Tax Registration		AADCK1533ESD001	Not Applicable	
6.	ESI Code Allotment Letter (Company)	ESI Commissioner	ESI Code Number Allotment for Company 62000279710000301 – Kakinada 4962027971001030 – Karnataka 15620058740010301 – Rajasthan 38520058740021002 – Gujarat 33620279710010301 – Maharastra 18520058740010301 – MP 62620279710020301 – Vijayawada 70620058740010301 – Vizag 52000058740000301 – Hyderabad 63520058740010301 – Tamailnadu	Permanent Validity	
7.	Shops & Establishment License (Corporate)	Asst. Comm. Of Labour	AC-III/365/2004	Valid till 31/12/2016	
8.	Contract Labour Act (Corporate)	Dy. Comm. Of Labour	Registration of Contracts (Corporate)	Permanent Validity	

Sl. No	Type of License	Authority	License Number/ Consent Order/Registration No.	Date of Approval	Validity
			No:P/247/2007		
9.	Factory License (Halol)	Factory Inspector	License in process, Statbility certificate obtained	Permanent Validity	
10.	G.P.Pollution Control Board - Consent to Establish (Halol)	Regional Officer	Vide their office order numbered: GPCB/CE/PMS-114/ID-322601/1061	Valid till 04/01/2016	
11.	Contract Labour Act (KKD)	Dy. Comm. Of Labour, Eluru	Registration as PE (Kakinada) No: G/36	Permanent Validity	
12.	Factory License (KKD)	Director of Factories	Factory License of Kakinada vide License Number : 49888	Permanent Validity	
13.	Principal Employers Certificate for NIC, Wargal	Deputy Commissioner of Labour, Sanga Reddy	Principal Employers Certificate for engaging Casual Workers vide numbered: M- 395 - PE	Permanent Validity	
14.	Principal Employers Certificate for PVC Plant	Deputy Commissioner of Labour	Principal Employers Certificate for engaging Casual Workers vide numbered:B/581/C.R	Permanent Validity	
15.	Sarpanch , Gram Panchayat, Nanadikandi Village (PVC)	Sarpanch, Nanadikandi Village	Certificate of Transfer of Property	Permanent Validity	
16.	Small Scale Industry Certificate (PVC)	General Manager - District Industrial Centre, Sanga Reddy	Small Scale Industry Certiccate issued by General Manager - District Industrial Centre, Sanga Reddy vide numbered : 00458	Permanent Validity	
17.	Factory License (Halol)	Factory Inspector	License in process, Statbility certificate obtained	Permanent Validity	
18.	G.P.Pollution Control Board - Consent to Establish (Halol)	Regional Officer	Vide their office order numbered: GPCB/CE/PMS-114/ID-322601/1061	Valid till 04/01/2016	
19.	Factory License (Nacharam)	Factory Inspector	Factory License of MI Plant Nacharam vide License Number : 37666	Permanent Validity	

20.	A.P.Pollution Control Board - Consent Order (Nacharam)	Environment Engineer, MI Plant Nacharam , Hyderabad	Vide their office order numbered: 53/NCM/PCB/RO/1-RRD/G3/2007-503	Valid till 31/03/2017
21.	AP Industrial Infrastructure Corporation Limited (Nacharam)	Commissioner APIIC, Nacharam	Site Plan approved by APIIC - IALA Vide Numbered: IALA/IPNRM/R11/NFC/09	Permanent Validity
22.	Factory License (PVC)	Factory Inspector	Factory License of MI Plant PVC vide License Number : 30451	Permanent Validity
23.	Principal Employers Certificate for PVC Plant	Deputy Commissioner of Labour	Principal Employers Certificate for engaging Casual Workers vide numbered:B/581/C.R	Permanent Validity
24.	A.P.Pollution Control Board - Consent Order (PVC)	Environment Engineer, PVC Plant , Sanga Reddy	Vide their office order numbered: 5890/PCB/RO-1:SRD/MDK/W & A/2015-2726 DATED 10.11.2015	Valid till November, 2020
25.	Sarpanch , Gram Panchayat, Nanadikandi Village (PVC)	Sarpanch, Nanadikandi Village	Certificate of Transfer of Property	Permanent Validity
26.	Small Scale Industry Certificate (PVC)	General Manager - District Industrial Centre, Sanga Reddy	Small Scale Industry Certificate issued by General Manager - District Industrial Centre, Sanga Reddy vide numbered : 00458	Permanent Validity
27.	Principal Employers Certificate for PVC Plant	Assistant Commissioner of Labour, Godhra, Gujarat	Principal Employers Certificate for engaging Casual Workers vide numbered:1/2022	Permanent Validity
28.	Principal Employers Certificate for NIC, Wargal	Deputy Commissioner of Labour, Sanga Reddy	Principal Employers Certificate for engaging Casual Workers vide numbered: B/431/C.R M-395-PE	Permanent Validity
29.	Shops & Establishment License (NIC Wargal)	Deputy Commissioner of Labour , Sanga Reddy	Shops & Establishment License Numbered: ACL 00 MDK SE 71/23259	Valid till 31/12/2016
30.	Andhra Pradesh Pollution Control Board	Joint Chief Environmental Engineer	PCB Clearance : Survey No 99. Consent Order No APPCB/ZO/RCP/RCPM/352 /W&A/2014	Valid till 31/12/2016
31.	Andhra Pradesh Pollution Control	Joint Chief Environmental Engineer	PCB Clearance : Survey No 100/A,100/VU/1,101/A&	Valid till 31/03/2016

	Board		101/E/2. Consent Order No APPCB/ZO/RCP/RCPM/368 /W&A/2013	
--	-------	--	--	--

### **Central Excise Registrations**

SI No	Plant	Registration No.
1.	Sadasivpet PVC Plant	AADCK1533EEM001
2.	Halol Plant	AADCK1533EEM002
3.	MI Nacharam Plant	ADCK1533EEM003
4.	Kakinada Plant	ADCK1533EEM004
5.	Nadikudi CFG Plant	ADCK1533EEM005
6.	Bollarum CFG Plant	ADCK1533EEM006

### **VAT & CST Registrations - PSR**

SI No	State	Tin No	CST No
1.	Andhra Pradesh	37781659612	37781659612 ( Central )
2.	Telangana	36781659612	36781659612 ( Central )
3.	Orissa	21855600796	21855600796 (Central )
4.	Karnataka	29210625595	29210625595 ( Central )
5.	Tamil Nadu	33853445549	1079308 dated 12.08.2011
6.	Kerala	32060693788	32060693788C
7.	Bihar	10050933013	10050905171
8.	West Bengal	19200325016	19200325210
9.	Chattisgarh	22621802677	22621802677 ( Central )
10.	Haryana	06811538657	06811538657 (Central )
11.	Punjab	03752096538	03752096538 (Central)
12.	Rajasthan	8244750753	08244750753 (Central)
13.	Madhya Pradesh	23179028641	23179028641 dated 19.08.2011
14.	Maharashtra	27850845854 V	27850845854 C
15.	Pondicherry	34380015386	34380015386 ( Central )
16.	Uttar Pradesh	09350023077	09350023077 ( Central )
17.	Gujarat	24073405763	24573405763
18.	Jharkhand	20272605308	DG 2342 (C)
19.	Assam	18970085408	18059925259
20.	Himachal Pradesh	02011201174	02011201174 ( Central )
21.	Jammu	01281151807	01281151807 (Central)

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Scheme

The jurisdictional High Courts of Bombay and Andhra Pradesh had approved the Composite Scheme of Arrangement and Amalgamation between the Company, erstwhile Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and Ikisan Limited and their respective shareholders and creditors ('the Scheme') as per the provisions of Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 on June 17, 2011 and June 27, 2011 respectively. The Scheme was made effective on July 30, 2011 but operative from Appointed Date, i.e. April 1, 2011.

Consequent to Scheme becoming effective, the financial statements for the subsequent years have been drawn up incorporating the necessary adjustments as envisaged in the Scheme.

The Bombay Stock Exchange vide letter dated December 14, 2011 approved the application of the Company for listing of the equity shares and the National Stock Exchange vide letter dated January 13, 2012 accorded in-principle approval for listing of the equity shares. These approvals are subject to relaxation by Securities and Exchange Board of India (SEBI) from requirements under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957.

An application had been filed by SEBI in the High Court of Bombay at Mumbai to recall / review the Order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The matter had been heard by the Hon'ble High Court of Bombay at Mumbai and dismissed the application filed by SEBI on September 10, 2015 with costs.

The Company, in view of the prolonged delay by SEBI, had also 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.

SAT on October 30, 2015 had directed SEBI to pass Orders in relation to the application of the company for seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957. SEBI had filed a Civil Appeal in the Supreme Court of India which on January 22, 2016 dismissed the Civil Appeal filed by SEBI against the Order of SAT.

SEBI had sought two weeks time from the Supreme Court of India to pass Orders on the application of the company seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957 and the same has been granted.

SEBI had filed an appeal before the Division Bench in the High Court of Bombay against the Order of the Single Judge.

SEBI at the hearing on February 29, 2016 informed the Hon'ble High Court of Bombay that vide letter dated February 4, 2016 addressed to Bombay Stock Exchange Ltd, SEBI has granted relaxation to the company from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions while at same time requesting the Court that SEBI would continue to maintain the Appeal.

### Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors are not prohibited from accessing the capital markets under any order or direction passed by SEBI.

**Caution**

The Company accepts no responsibility for statements made otherwise than in the IM or in the advertisements to be published or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

**Disclaimer Clause of the BSE**

As required, a copy of this IM has been submitted to BSE.

The BSE has vide its letter dated 22/02/2011 conveyed its 'No Objection' to the Scheme under Clause 24 (f) of the Listing Agreement

The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this IM; or
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this IM has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Disclaimer Clause of the NSE**

As required, a copy of this IM has been submitted to NSE.

NSE has given vide its letter dated 15/02/2011 conveyed its 'No Objection' to the Scheme under Clause 24 (f) of the Listing Agreement.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this IM has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this IM; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Filing**

A copy of this IM is being filed with BSE and NSE. Listing Application has been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company shall ensure that all steps for

the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

### **Listing**

Application will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated Bombay Stock Exchange Limited as the Designated Stock Exchange for the aforesaid listing of the shares.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

### **Demat Credit**

The Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form. On receiving in-principle approval of the Stock Exchanges for listing of its equity shares the shares allotted pursuant to scheme of arrangement alongwith shares already allotted before scheme of arrangement will get listed as per approval of stock exchanges. The shares allotted has already been credited in the accounts of respective shareholders as on Record Date and ISIN issued by the CDSL and NSDL has been frozen till the listing / trading permission is given by the designated stock exchange .

### **Expert Opinions**

Save as stated elsewhere in this IM, we have not obtained any expert opinions.

### **Previous rights and public issues if any**

The Company has not made any previous public or rights issue since incorporation

### **Commission and brokerage on previous issues**

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

### **Companies under the Same Management**

There are no companies under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than included in this IM.

### **Promise vis-à-vis Performance**

The Company has allotted shares pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature of Bombay at Mumbai and Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad. The Company has not made any promises in this IM.

Outstanding debentures or bonds and redeemable preference shares and the instruments issued by the issuer Company outstanding

The Company has unlisted secured non convertible redeemable outstanding debentures issued to Financial Institutions and Banks. The Company has not issued any redeemable preference shares.

### **Stock Market Data for Equity shares of the Company**

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this IM.

### **Disposal of Investor Grievances**

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. SEBI has granted approval to the company for functioning as Category II Share Transfer Agent (in-house) for a period of five years from August 28, 2012. The company has commenced the In-house share transfer activity with effect from November 22, 2012. Consequently, the earlier Registrar and Transfer Agents, XL Softech Systems Private Limited (XLSS), Hyderabad, ceased to be Registrar and Transfer Agents of the company.

It will be Company's endeavour to redress the investor complaints within 15 days of the receipt. The Company has appointed Mr. M Ramakanth, Sr. Vice President – Legal & Secretary as the Compliance Officer and he may be contacted in case of any problems at the following address:

### **Compliance Officer**

#### **Mr. M. Ramakanth**

Sr. Vice President-Legal & Secretary

Nagarjuna Hills, Punjagutta, Hyderabad-500082

**Tel :** +91-40-23355317/23357200/204/23358532

**Fax :** +91-40-23350247

**SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF NAGARJUNA CHEMICALS AND FERTILISER LIMITED**

The important provisions of the Articles of Association are reproduced below:

	SHARES
Buy back of Shares  Division of Capital	<p>4A Notwithstanding anything contained in these Articles, subject to the provisions of Section 77A and 77B of the Companies Act and Securities and Exchange Board of India (Buy back of Securities) Regulations 1998 and such other enactments or regulations in lieu thereof that maybe in force from time to time, the Board of Directors of the company may, when and if thought fit at its sole discretion, buy back such of the company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be deemed necessary .</p> <p>5.(1) The Authorised Share Capital of the Company is ` 801,00,00,000 (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of Re. 1/- each and 180,00,00,000 (One Hundred Eighty Crores only) Preference Shares of Re. 1/- each with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a Special Resolution passed at a General Meeting duly convened and held for the purpose.”</p>
Redeemable Preference Shares	<p>(2) Subject to the provisions of the Companies Act 1956 and any other Statutory Enactment/Order/Notification as may be in force from time to time and these Articles, the Company shall have power to issue Cumulative Convertible Preference Shares carrying fixed rate of dividend and a right to conversion into Equity shares at such time or during such period and in such manner as may be decided at the time of the issue of such Cumulative Convertible Preference shares in accordance with the provisions of the Companies Act 1956 or any other Statutory Enactment/Order/ Notification as may be in force from time to time, these Regulations and any Special Resolution of the Company in general meeting.</p>
Issue of Warrants	<p>(3) Subject to the provisions of Section 81 of the Companies Act, 1956, the Board shall have power to issue warrants or other documents which may entitle the holders thereof to Equity Shares or Convertible Debentures at the Price to be specified therein and on such terms and conditions as the Board may deem fit.</p>
Further Issue of Shares	<p>(4) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:</p> <p>(A) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.</p> <p>(B) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.</p>

	<p>(C) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.</p> <p>PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.</p> <p>(D) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that such person declines to accept the shares offered, the Board of Directors may dispose them in such manner and to such person(s) as they may think, in their sole discretion fit.</p>
	<p>(5) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.</p> <p>(a) If a special resolution to that effect is passed by the company in General Meeting, or  (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.</p>
	<p>(6) Nothing in sub-clause (c) of (1) hereof shall be deemed:</p> <p>(a) To extend the time within which the offer should be accepted; or  (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.</p>
	<p>(7) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:</p> <p>(a) To convert such debentures or loans into shares in the company; or  (b) To subscribe for shares in the company (whether such option is</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and  (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans</p>
Allotment of shares	<p>6. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such person, on such terms and conditions, at such times, either at par or at a premium, and for such consideration as the Board thinks fit</p>

Shares at the disposal of the Directors:	6A. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in general meeting.
Return of allotments	7. As regards all allotments made from time to time, the Company shall duly comply with Section 75 of the Act.
Restriction on allotments	8. If the Company shall offer any of its shares to the public for subscription: (1) no allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the Company; but this provision shall no longer apply after the first allotment of shares offered to the public for subscription; (2) the amount payable on application on each share shall not be less than 5 percent, of the nominal amount of the share; and (3) the Company shall comply with the provisions of Sub-section (4) of Section 69 of the Act. And if the Company shall propose to commence business after filing a statement in lieu of prospectus, the Board shall not make any allotment of shares payable in cash unless seven at least of the shares proposed to be issued shall have been subscribed for as payable in cash by seven members and Sections 70 and 149 of the Act shall have been complied with.
Commission and brokerage	9. The Company may exercise the powers of paying commissions conferred by section 76 of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the commission shall not exceed 5 percent, of the price at which any shares, in respect whereof the same is paid, are issued or 2 1/2 percent; of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerages as may be lawful.
Shares at a discount	10. With the previous authority of the Company in general meeting and the sanction of the Company Law Board and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued.
Installments on shares to be duly paid	11. If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator.

Liability of joint-holders of shares	12. The joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
Trusts not recognized	13. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person.
Who may be registered	14. Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered as joint-holders of any share.
Certificates	<p><b>CERTIFICATES</b></p> <p>15. Subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof, share certificates shall be issued as follows:-</p> <p>(1) The certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal of the Company which shall be affixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under a duly registered Power-of-Attorney or two persons acting as attorneys for two Directors as aforesaid; and (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate; provided that, if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director.</p>
Members' right to certificate	(2) Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name or, if the Board so approves, to several certificates each for one or more of such shares but, in respect of each additional certificate, the Company shall be entitled to charge a fee of `2/- or such less sum as the Board may determine. "Unless Prohibited by any provision of law or by any order of any court, tribunal or other authority". The Company shall within two months after the date of either allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within one month of receipt of the application for registration of the transfer of any of its shares, as the case be, deliver the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up hereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the aforesaid Rules or, in a form as near thereto as circumstances admit, against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share registered in the joint names of several persons, the company shall not be bound to issue more than one certificate and delivery of certificate to one of the several joint-holders shall be sufficient delivery to all such holders.
As to issue of new certificates	(3) If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced, torn or old, decrepit, worn-out or where the cages in the reverse for recording transfers have been duly utilised, then upon surrender thereof to the Company the Board may order the same to be cancelled and may issue a new certificate in lieu thereof free of charge; and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. Where a certificate has been issued in place of a certificate which has been defaced etc. lost or destroyed, it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so defaced, et., lost or destroyed, as the case may

	<p>be, and, in the case of a certificate issued in place of one which has been lost or destroyed, the word, "duplicate" shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article in replacement of that which is torn or defaced or lost or destroyed or which is sub-divided and consolidated into denominations other than those fixed for the market units of trading, there shall be paid to the Company the sum of ` 2 or such smaller sum together with such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine.</p>
Particulars of new certificate to be entered in the Register	<p>(4) Where a new share certificate has been issued in pursuance of the last preceding paragraph, particulars of every such certificate shall also be entered in a Register of Renewed and Duplicate Certificates indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register by suitable cross references in the "Remarks" column. All entries made in the Register or in the Register of Renewed and Duplicate Certificates shall be authenticated by the Secretary or such other person as may be appointed by the Board for purposes of sealing and signing the share certificate under Sub-paragraph (1) hereof.</p>
	<p>(5) Notwithstanding anything contained in Article 15(2) hereof the Board may refuse any application for sub-division or consolidation of number of shares or of certificates for shares into denomination of less than 100 shares or any marketable lot as may be determined from time to time by any law, rule, guideline or listing requirements of the stock exchange(s) with which the shares of the company are or may be listed, except where such sub-division or consolidation is required to be made in compliance with any law or statutory order or regulation or an order or a decree of a competent court or listing requirements of a stock exchange, provided, however, that the Board may at its sole discretion and in exceptional circumstances for avoiding any hardship for any just and sufficient cause (on each of which the Board's decision shall be final and conclusive) accept any application for subdivision or consolidation of number of shares or certificates for shares into denomination of less than 100 shares or marketable lot as the case may be.</p>
Calls	<p><b>CALLS</b></p> <p>16. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.</p>
Restriction on power to make calls and notice	<p>17. No call shall exceed one-half of the nominal amount of a share, debenture or bond or be made payable within one month after the last preceding call was payable. Not less than thirty day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid. Provided always that nothing herein shall preclude the Board from calling on application the entire amount or such lesser amount as may be decided by the Board in respect of any issue.</p>
When interest on call or installments payable	<p>18. (1) If the sum payable in respect of any call or installment not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the shares/debentures for which the call shall have been made or the installment shall be due shall pay interest for the same at the rate to be determined by the Board of Directors of the company, from the day appointed for the payment thereof to the time of the actual payment.</p> <p>(2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.</p>
Amount payable at fixed times or payable by installments as calls	<p>19. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall</p>

	relate to such amount or installment accordingly.
Evidence in actions by Company against members	20. On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment of calls in advance	21. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 15 percent per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits.
Revocation of calls	22. A call may be revoked or postponed at the discretion of the Board.
	<b>FORFEITURE AND LIEN</b>
If call or installment not paid notice may be given	23. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Form of notice	24. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
If notice not complied with shares may be forfeited	25. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to the effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
Notice after forfeiture	26. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
Forfeited share to become property of the Company	27. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
Power to annul forfeiture	28. The Board may, at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Liability on forfeiture	29. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment, at 12 percent, per annum and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
Evidence of forfeiture	30. A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
Forfeiture provisions to apply to non-payment in terms of issue	31. The provisions of Articles 23 to 30 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made and notified.
Company's lien on shares	32. The Company shall have first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 13 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.
As to enforcing lien by sale	33. For the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonis or other legal representative, as the case may be, and default shall have been made by him or them in the payment of the moneys called or payable at fixed time in respect of such share for seven days after the date of such notice.
Application of proceeds of sale	34. The net proceeds of the sale shall be received by Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to alike lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.
Validity of sales in exercise of lien and after forfeiture	35. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damage only and against the Company exclusively.

Board may issue new certificates	<p>36. Where any share under the powers in that behalf here in contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.</p> <p><b>TRANSFER AND TRANSMISSION</b></p>
	<p>37. The Board may, subject to the right of appeal conferred by section 111 of the Companies Act, 1956 and the provisions of section 22A of the Securities Contracts (regulation) Act, 1956, refuse to register the transfer of any share to any person. Provided that the registration of a transfer of shares shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.</p>
Execution of transfer etc.	<p>38. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company within the time prescribed by the said Section, together with the certificate or if no such certificate is in existence, the Letter of Allotment of the share. The transferor shall be deemed to remain the holder such share until the name of the transferee is entered in the Register in respect thereof.</p>
Applications by transfer	<p>39. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall, in the case of partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.</p>
Form of transfer	<p>40. Every instrument of transfer of any share shall be in writing in the prescribed form and in accordance with the provisions of Section 108 of the Act.</p>
No transfer to minor, etc.	<p>41. The Board shall not knowingly register the transfer of any share to a minor or a person of unsound mind, "except where the share is fully paid up and the minor or person of unsound mind is duly represented as permissible in law".</p>
Transfer to be left at Office when to be retained	<p>42. Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register, shall be returned to the person depositing the same.</p>
Notice of refusal to register transfer	<p>43. If the Board refuses whether in pursuance of Article 40 or otherwise to register the transfer of any share, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal, "giving reasons to such refusal."</p>
Fee on registration of transfer, probate etc.	<p>44. No fee shall be charged for the registration of a transfer, grant of probate, grant of letters of administration, certificate of death or marriage, power of attorney or other instrument.</p>
Transmission of registered shares.	<p>45. The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognized by the Company as having any title to the share, registered in the</p>

	<p>name of such member, and in case of the death of any one or more of the registered joint-holders of any share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation as the case may be from a competent Court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate.</p>
<p>As to transfer of shares of insane, deceased, or bankrupt members</p> <p>Transmission Article</p>	<p>46. Any committee or guardian of a lunatic member or any person becoming entitled to a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share, or may subject to the regulations as to transfer herein before contained, transfer such share. This Article is hereinafter referred to as "the Transmission Article".</p>
<p>Election under the Transmission Article</p>	<p>47. (1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.</p> <p>(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.</p> <p>(3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.</p>
	<p>48. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 80 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share, except that no such person (other than a person becoming entitled under the Transmission Article to the share of a lunatic) shall, before being registered as a member in respect of the share, be entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company.</p> <p>Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within forty five days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.</p>
<p>Dematerialization Of Securities</p>	<p>48A. Definitions for the purpose of this Article:</p> <p>"Beneficial Owner" means a person (s) whose name is recorded as such with a depository;</p> <p>"SEBI" means The Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992;</p> <p>"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depositor under the SEBI Act, 1992;</p>

“Deposit Act” means the Depositories Act, 1996 or any statutory modification or re-enactment thereof;

“Registered Owner” means a Depository whose name is entered as such in the records of the Company;

“Security “ means such Security, as may be a specified by the SEBI from time to time.

#### Dematerialization / Rematerialization of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act.

#### B Intimation to Depository

Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the Details of allotment of securities to Depository immediately on allotment of such Securities.

#### C Options for investors

Every person subscribing to securities offered by the company shall have the option to receive security certificated or to hold the securities with a depository, such a person who is the beneficial owner of the securities can opt out of depository, if permitted by law, in respect of any security in the manner provided by the Depository Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold the security with a depository, the company shall intimate such depository, the details of allotment of the security, and on receipt of information, the depository shall enter in the records, the name of the allottee as the beneficial owner of the securities.

#### D Securities in Depositories to be in fungible form

All securities held by a Depository shall be dematerialized and shall be in fungible form. No Certificate shall be issued for the securities held by the depository. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

#### E Transfer of Securities

Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee, both of whom are entered as beneficial owners in the records of a depository.

#### F Allotment of Securities dealt within a Depository

Notwithstanding anything contained in the Act, or these Articles, where a depository deals within or the securities, the Company shall intimate the details of allotment of relevant securities to the depository immediately on allotment of such securities.

#### G Distinctive Nos. of Securities held in a Depository

Notwithstanding in the Act, or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall not apply to securities held with a depository.

#### H Register and Index of beneficial owners

The Register and index of beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders for the purpose of these Articles.

	<p>I Right of Depositories and beneficial owners</p> <p>(a) Notwithstanding anything contained in the Provisions of the Companies Act, 1956 and these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.</p> <p>(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the company.</p> <p>The beneficial owners of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their securities, which are held by the depository.</p>
	<b>INCREASE AND REDUCTION OF CAPITAL</b>
Power in increase capital	49. The Company in general meeting may, from time to time, by ordinary resolution increase the capital by the creation of new shares of such amount as may be deemed expedient.
On what conditions new shares may be issued	50. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the general Meeting resolving upon the creation thereof, shall direct, and, if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.
Provisions relating to the issue	51. Before the issue of any new shares, the company in general meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or, subject to the provisions of Section 79 of the Act, at a discount; in default of any such provision, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 6.
How for new shares to rank with existing shares	52. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provision herein contained with reference to the payment of dividends, calls and, installments, transfer and transmission, forfeiture, lien, surrender and otherwise.
Inequality in number of new shares	53. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.
Reduction of Capital etc.	54. The Company may, from time to time, by special resolution, reduce its capital and any Capital Redemption, Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required by law.
	<b>ALTERATION OF CAPITAL</b>
Power to sub-divide and consolidate shares	55. The Company in general meeting may from time to time by ordinary resolution:- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; (c) cancel any shares which at the date of the passing of the resolution, have not been taken or

	agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Sub-division into Preference and Equity	56. The resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting, or otherwise over or as compared with the others, or other subject, nevertheless, to the provisions of Section 85, 87, 88 and 106 of the Act.
Surrender of shares	57. Subject to the provisions of Sections 100 to 105 inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.
	<b>MODIFICATION OF RIGHTS</b>
Power to modify rights	58. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of these articles relating to general meeting shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-fifth of the issued shares of the class, but so that if at any adjourned meeting of such holders a quorum as above-defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement of resolution to the Registrar.
	<b>BORROWING POWERS</b>
Power to borrow	59. The Board may from time to time, at its discretion, subject to the provisions of Sections 292, 293 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company.
Conditions on which money may be borrowed	60. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.
Issue at discount etc. or with special privileges	61. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares appointment of Directors and otherwise. Debentures, debenture-stock bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Debentures, debenture stock, loan/loan stock, bonds or other securities with a right to allotment or conversion into shares shall not be issued except with the sanction of the Company in general meeting.
Instrument of transfer of debenture	62. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.
Notice of refusal to register transfer of debenture	63. If the Board refuses to register the transfer of any debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal, "giving reasons for such refusal".

<b>GENERAL MEETINGS</b>	
The Statutory Meeting	64. The Statutory Meeting of the Company shall, as required by section 165 of the Act, be held at such time not being less than one month nor more than six months from the date at which the Company shall be entitled to commence business and at such place as the Board may determine, and the Board shall comply with the other requirements of that Section as to the report to be submitted and otherwise.
When Annual General Meetings to be held	65. In addition to any other Meetings, general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall, except in the case where an Extraordinary General Meeting is convened under the provisions of the next following Article, be called a "General Meeting".
When other General meetings to be called	66. The Board may, wherever it thinks fit, call a general meeting and it shall, on the requisition of such number of members as hold, at the date of the deposit of the requisition, not less than one-tenth of such of the paid up capital of the company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary General Meeting, and in the case of such requisition the provisions of Section 169 of the Act shall apply.
Circulation of members resolution	67. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.
Notice of meeting  To whom to be given  Non-receipt of Notice not to invalidate proceedngs	68. (1) Save as provided in sub-section (2) of Section 171 of the Act, not less than twenty-one day's notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "special business" as hereinafter defined, there shall be annexed to the notice a statement complying with section 173(2) and (3) of the Act. (2) Notice of every meeting of the Company shall be given to every member of the company, to the Auditors of the Company and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons. Provided that where the notice of general meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Office under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in section 173(2) of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company. (3)The accidental omission to give any such notice to, or its non-receipt by, any member or other person to whom it should be given shall not invalidate the proceedings of the meetings.
<b>PROCEEDINGS AT GENERAL MEETINGS</b>	
Business of meetings	69. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.
Quorum to be present when business commenced	70. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five members present in person shall be a quorum.
Resolution to be	71. Any act or resolution which under the provisions of these Articles or of the Act, is permitted

passed by Company in general meeting	or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a special resolution as defined in Section 189(2) of the Act.
Chairman of general meeting	72. The Chairman or, in his absence, the Vice-Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman or Vice-Chairman, or if at any meeting neither of them is present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall chose be entitled to take the chair at every general meeting. If there be no such Chairman or Vice-Chairman, or if at any meeting neither of them is present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded elect one of their number, being a member entitled to vote, to be Chairman.
When, if quorum not present, meeting to be dissolved and when to be adjourned	73. If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place, as the Board may by notice appoint and if at such adjourned meeting, a quorum be not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.
How questions to be decided at meetings	74. Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes,, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.
What is to be evidence of the passing of a resolution where poll not demanded	75. At any general meeting, unless a poll is (before or on the declaration of the result on a show of hands) ordered by the Chairman of the meeting of his own motion, or demanded by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than rupees fifty thousand has been paid up, a declaration by the Chairman that the resolution has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution.
When poll to be decided	76. (1) If a poll be demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman and, or any other case, in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded. (2) The demand of a poll may be withdrawn at any time.
Scrutineers at poll	(3)Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon. (4) On a poll a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be, need not, if he votes, uses all his votes or cast in the same way all

	<p>the votes he uses.</p> <p>(5) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.</p>
Notice of adjourned meeting not necessary	<p>77 (1) The Chairman of general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>(2) When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>
	<b>VOTES OF MEMBERS</b>
Votes of members	<p>78(1) Save as hereinafter provided, on a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a General Proxy (as defined in Article 83) on behalf of a member holding Equity Shares, if he is not entitled to vote in his own right or, as a duly authorized representative of body corporate being a member holding Equity Shares, have one vote.</p> <p>(2) Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.</p> <p>Provided that no company or body corporate shall vote by proxy so long as a resolution of its board of directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.</p>
Procedure where a Company or the President of India or the Governor of a State is a member of the Company	<p>79 (1) Where a company or a body corporate (hereinafter called "member company") is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company, shall not, be reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the Office or production at the meeting of a copy of such resolution duly signed by a director of such member company or its secretary or manager and certified by him being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.</p>
	<p>(2) Where the President of India or the Governor of a state is a member of the Company, the President or, as the case may be, the Governor may appoint such persons as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company.</p>
Votes in respect of insane and insolvent members	<p>80. If any member be a lunatic, idiot or non compos mentis, he may vote whether on a show of hands or on a poll, by his committee curator bonis or other legal curator and such last mentioned person may give his vote by proxy, provided that forty-eight hours at least before the time of holding the meeting or adjourned meetings as the case may be, at which any person proposes to vote he shall satisfy the Board of his right under the Transmission Article, to transfer the shares in respect of which he proposes to exercise his right under this Article, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.</p>
Joint holders	<p>81. Where there are joint registered holders of any share any one of such persons may vote at</p>

	any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint-holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof.
Proxies permitted	82. On a poll votes may be given either personally or by proxy or in the case of a body corporate, by a representative duly authorised as aforesaid.
Instrument appointing proxy to be in writing  Proxies may be general or special	83. The instrument appointing a proxy shall be in writing under the hand of the appointer or of this Attorney duly authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.
Proxy may be non-member	84. A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.
Instrument appointing a proxy to be deposited at the Office	85. The instrument appointing a proxy and the Power-of-Attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
When vote by proxy valid through authority revoked	86. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death insanity, revocation or transfer of the share shall have been received by the Company at the Office before the vote is given: Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
Form of instrument appointing a Special Proxy	87. Every instrument appointing a Special proxy shall be retained by the Company and shall as nearly as circumstances will admit, be in the form or to the effect following:-  <b>NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED</b> I/We of being a member of Nagarjuna Fertilizers and Chemicals Limited, hereby appoint of (or failing him of as my/our Proxy) to attend and vote for me/us, and on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company to be held on the day of 20 and at any adjournment thereof. As witness my/our hand(s) this day of 20 Signed by the said  Provided always that an instrument appointing a Special Proxy may be in any of the forms set out in Schedule IX to the Act.
Restrictions on voting	88. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised, any right if lien.
Admission or rejection of votes	89. (1) Any objection as to the admission or rejection of a vote, either on a show of hands or, on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive. (2) No objection shall be raised to the qualification of any voter except at the meeting or

	<p>adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.</p> <p><b>DIRECTORS</b></p>
Number of Directors	90. Until otherwise determined by a Special Resolution, the number of the Directors of the Company shall not be less than three nor more than twelve including additional, technical, nominee and debenture holders directors, if any.
Proportion to retire by rotation	91. Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of directors by rotation.
Directors in Office at the date of adoption of these Articles	92. The persons hereinafter named shall become and be the 'first Directors of the Company' that is to say:- Mr. Tankasal Verapala Dwarkanath Ms. Sangeetha Iyer Mr. Kalidindi Ravindra
Power of Board to add to its number	93. The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.
Nomination of Directors by Financial Institution	<p>94i. "Notwithstanding anything to the contrary contained elsewhere in these Articles and so long as Nagarjuna Holdings Private Limited and its associates (referred to for brevity as 'NHL') as Promoters hold or continue to hold fully paid-up Equity Shares in the company, NHL shall have the right to nominate Directors on the Board of Directors of the Company, subject to a minimum of five Directors by NHL who may be referred to as 'Promoter Directors'. Subject to the provisions of Section 255 and 256 of the Companies Act, 1956 and any Statutory Enactment / Order / Notification as may be in force from time to time and Articles 91, 105 and 106 of the Articles of Association of the Company, such Promoter Directors shall not be liable to retirement by rotation nor shall they be required to hold any qualification shares. NHL shall exercise their powers of nomination / reappointment / removal as the case may be by means of letters addressed to the Company which shall take effect forthwith on their receipt by the Company at its Registered Office".</p> <p>ii.a. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, the Government of Andhra Pradesh shall, so long as the Governor of Andhra Pradesh, holds not less than 10% of the paid-up share capital of the Company, have power to appoint two Directors (referred to as Official Directors) or in the event of the investment falling below 10% but not less than 2.5% of the equity share capital of the company, shall have power to nominate a minimum one Director on the Board of the company, who shall not be liable to retirement by rotation. The Government shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".</p> <p>ii.b. If and when the State Government decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or</p>

in the name of any other party acceptable to the State Government in terms of the agreement entered into between NHL and the State Government.

iii. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Krishak Bharati Co-operative Limited (KRIBHCO), holds share capital of the Company, KRIBHCO shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. KRIBHCO shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when KRIBHCO decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to KRIBHCO in terms of the agreement entered into between NHL and KRIBHCO.

iv. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Snamprogetti S.p.A (now called Saipem S.p.A), holds share capital of the Company, Saipem shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. Saipem shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when Saipem decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to Saipem in terms of the agreement entered into between NHL and Saipem .

v.a. Whenever the Company enters into a contract with any Government, Central, State or Local or any Financial Institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enters into any other arrangement whatsoever, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be provided in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any such share qualification. The Board may also agree that any such Director or Directors may be removed from time to time by the appointed entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. Unless otherwise agreed to between the Board and the appointer, the Director appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

v.b. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body or the State Bank of India (SBI) out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body or SBI (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or SBI is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

vi. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Directors shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Directors shall not be liable to retire by rotation. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

vii. The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director's so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.

viii. The nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Directors is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

ix. The Company shall pay to the Nominee Directors sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Directors.

Provided that if any such Nominee Directors is an officer of the Corporation the sitting fees, in relation to such Nominee Director's shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

	<p>x. In the event of the Nominee Directors being appointed as whole time Directors such nominee Directors shall exercise such powers and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Directors shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation”.</p> <p>xi. The Chairman and the Managing Director shall be the nominees of NHL or its successors in business.</p>
Share qualification of Directors	95. Unless otherwise determined by the Company in general meeting, a Director shall not be required to hold any share qualification.
Director's fees, remuneration and expenses	96. Unless otherwise determined by the Company in general meeting, each Director other than the Managing and Whole-time Directors, shall be entitled to receive out of the funds of the Company for the services rendered by the Director in attending meetings of the Board or a Committee of the Board, the maximum amount as may be prescribed by the Act or the Central Government or such lower amount as may be fixed by the Board from time to time. The Directors shall also be entitled to receive a commission (to be divided between them in such manner as they may, from time to time, determine and, in default of determination, equally) of one percent, of the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the Act. All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid all fees for filing documents which they may be required to file under the Act and shall also be entitled to be paid their reasonable traveling and hotel and other expenses incurred in consequence of their attending at Board and Committee meetings or otherwise incurred in the execution of their duties as Directors.
Remuneration for extra service	97. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
Board may act notwithstanding vacancy	98. The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.
Vacation of office of Director	99. (1) Subject to the provisions of Section 283(2) of the Act, the office of a Director shall become vacant if:- <ul style="list-style-type: none"> <li>(a) he is found to be of unsound mind by a Court of competent jurisdiction; or</li> <li>(b) he applies to be adjudicated an insolvent; or</li> <li>(c) he is adjudged an insolvent; or</li> <li>(d) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or</li> </ul>

	(e) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with other, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification of the Official Gazette, removed the disqualification incurred by such failure; or
	(f) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board; or
	(g) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for loan, from the Company in contravention of Section 295 of the Act; or
	(h) he acts in contravention of Section 299 of the Act; or
	(i) he becomes disqualified by an order of Court under Section 203 of the Act; or
	(j) he be removed from office in pursuance of Section 284 of the Act; or
	(k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
	(1) by notice in writing to the Company he resigns his office; or
	(m) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that section he is deemed to vacate office.
	(2) Notwithstanding any matter or thing in clauses (c), (d) and (i) of sub-clause (1), the disqualification referred to in those clauses shall not take effect:-  (a) for thirty days from the date of adjudication, sentence or order; or  (b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or  (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.
Office of Profit	100 Any Director or other person referred person referred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of the said Section.
When Director of this Company appointed director of a Company in which the Company is interested either as a	101 A Director of this Company may be or become a director of any other company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company, unless otherwise resolved by the Board.

member or otherwise	
Conditions under which Directors may contract with the Company	<p>102</p> <p>Subject to the provisions of Section 297 of the Act, neither shall a Director be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.</p>
Disclosure of a Director's interest	<p>103</p> <p>Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company, not being a contract or arrangement entered into or to be entered into between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent, of the paid up share capital in the other Company, shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, from a Director that he is a director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.</p>
Discussion and voting by Director interested	<p>104</p> <p>No Director shall, as a Director take any part in the discussion of or vote on any contract or arrangement in which he is any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or (b) any contract or agreement entered into or to be entered into by the Company with a public company, or with a private Company which is a subsidiary of a public Company, in which the interest of the Director consists solely in his being a director of such company and the holder of shares not exceeding in number or value the amount requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company or in his being a member of the company holding not more than two percent of its paid up share capital.</p>
	<b>ROTATION OF DIRECTORS</b>
Rotation and Retirement of Directors	<p>105</p> <p>At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. Provided that an additional Director appointed by the Board under Article 93 hereof shall not be liable to retire by rotation within the meaning of this Article nor shall he be taken into account in calculating the number of Directors</p>

	liable to retire by rotation under this Article.
Which Directors to Retire	106 The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
Appointment of Director to be voted on individually	107 Save as permitted by Section 263 of the Act every resolution of a general meeting for the appointment of a Director shall relate to one named individual only.
Meeting to fill up vacancies	108. (1) The Company at the Annual General Meeting of Which a Directors retires by rotation in manner aforesaid, may fill up the vacated office by appointing the retiring Director or some other person thereto.
When retiring Director deemed to be re-appointed	(2) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. If, at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:-  (a) at the meeting or at the previous meeting, a resolution for the reappointment of such Director has been put to vote and lost; or  (b) the retiring Director has by notice in Writing addressed to the Company or the Board expressed his unwillingness to be reappointed; or  (c) he is not qualified or is disqualified for appointment; or  (d) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or  (e) the provision to Sub-section (2) of Section 263 of the Act is applicable to the case.
Company in general meeting to increase or reduce number of Directors	109. The Company in general meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 90
Power to remove Director by ordinary resolution on Special Notice	110. The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice has been given, remove any Director before the expiration of his period of office and may, by ordinary resolution of which Special Notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed.
Board may fill up casual vacancies	111. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person

	who has been removed from the office of Director under Article 110.
When the Company and candidate for office of Director must give notice	112. No person not being a retiring Director shall be eligible for appointment to the office of Director at any general meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of five hundred rupees or such other sum as may be prescribed in that behalf, which shall be refunded to such person, or as the case may be, to such member, if the person succeeds in getting elected as a Director. The Company shall inform its members of the candidature of a person for the office of director or the intention of member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the general meeting. Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the company advertises such candidature or intention not less than seven days before the general meeting in at least two news papers circulating in the place where the Office is located of which one is published in the English language and the other in the regional of that place.
	<b>ALTERNATE DIRECTORS</b>
Power to appoint Alternate Director	113. The Board may appoint any person to act as alternate director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall not be required to hold the share qualification, if any, and shall ipso facto vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.
	<b>PROCEEDINGS OF DIRECTORS</b>
Meetings of Directors	114. The Board shall meet together at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit, provided that at least four such meetings shall be held in every year. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at this usual address in India to every other Director. Unless otherwise determined from time to time and at any time by the Chairman or the Vice-Chairman, meetings of the Board shall take place at the Office.
Who may summon Board meeting	115. The Chairman or the Vice-Chairman may, at any time and the Secretary shall, upon the request of the Chairman or the Vice-Chairman made, at any time, convene a meeting of the Board. meeting at any time, convene a meeting of the Board.
Chairman	116. The Board may appoint a Chairman and a Vice-Chairman of the Board and determine the period for which they are to hold office. The Chairman or, in his absence, the Vice-Chairman shall be entitled to take the Chair at any meeting of the Board. If no such Chairman or Vice-Chairman is appointed or if at any meeting of the Board neither the Chairman nor the Vice-Chairman be present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be Chairman of such meeting.
Quorum	117. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.
Powers of quorum	118. A meeting of the Board at which a quorum be present shall be competent to exercise all

	or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.
How questions to be decided	119. Subject to the provisions of Sections 316, 372 (5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
Power to appoint Committees and to delegate	120. The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a Committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.
Proceedings of Committee	121. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article.
When acts of a Director valid notwithstanding defective appointment etc.	122. Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
Resolution without Board meeting	123. Save in those cases where a resolution is required by Section 262, 292, 297, 316, 372 (5) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution.
	<b>MINUTES</b>
Minutes to be made	124. (1) The Board shall, in accordance with the provisions of Section 193 of the Act, cause minutes to be kept by making within thirty days of the conclusion of every general meeting and of every meeting of the Board or of every Committee of the Board, entries thereof in books provided for the purpose with their pages consecutively numbered, each page of every such book being initialed or signed and the last page of the record of proceedings of each meeting. In such books being dated and signed, in the case of minutes of proceedings of a meeting of the Board or of a Committee thereof, by the Chairman of the said meeting or the Chairman of the next succeeding meeting, and in the case of minutes of proceedings of a general meeting by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorised by the Board for the purpose, provided that in no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.  The minutes shall contain particulars -

	<p>(a) of the names of the Directors present at each meeting of the Board and of any Committee of the Board and in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring, in the resolution.</p> <p>(b) of all orders made by the Board and Committees of the Board.</p> <p>(c) of all appointments of Directors and other officers of the Company; and</p> <p>(d) of all proceedings of general meetings of the Company and of meetings of the Board and Committees of the Board.</p> <p>The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>PROVIDED that no matter need be included in any such minutes which, in the opinion of the Chairman of the meeting, in his absolute discretion</p> <p>(a) is, or could reasonably be regarded as, defamatory of any person;</p> <p>(b) is, irrelevant or immaterial to the proceedings; or</p> <p>(c) is detrimental to the interests of the Company.</p> <p>(2) Any such minutes of any meeting of the Board or of any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the matters stated in such minutes. The Minute Books of general meetings of the Company shall be kept at the Office and shall be open to inspection by members during the hours of two and four o'clock in the afternoon on such business days as the Act requires them to be open for inspection.</p>
	<b>POWERS OF THE BOARD</b>
General powers of Company vested in the Board	125. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall pay all expenses incurred in promoting and registering the Company and shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
	<b>LOCAL MANAGEMENT</b>
Local Management  Local Directorate	126. Subject to the provisions of the Act, the following regulations shall have effect:- (1) The Board may, from time to time, provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph. (2) The Board may, from time to time and at anytime establish any local Directorates or agencies for managing any of the affairs of the Company outside India, or in any specified locality in India, and may appoint any persons to be members of such Local Directorate or any managers or agents and may fix their remuneration and save as provided in Section 292 of the Act, the

delegation	Board may, from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, and may authorize the members for the time being of any such Local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may, at any time, remove any person so appointed and may annual or vary any such delegation.
Powers-of-Attorney	(3) The Board may, at any time and from time to time, by Power-of-Attorney under the Seal, appoint any persons to be attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may, from time to time, think fit, any such appointment may, if the Board thinks fit, be made in favour of the members or any of the members of the Local Directorate established as aforesaid, or in favour of any company or of the members, directors, nominees or officers of any company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board, and any such Power-of-Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorneys as the Board thinks fit.
Sub-delegation	(4) Any such delegates or Attorneys as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
Seal for use abroad  Foreign Register	(5) The Company may exercise the powers conferred by Section 50 of the Act with regard to having an Official Seal for use abroad and such powers shall be vested in the Board, and the Company may cause to be kept in any State or country outside India, as may be permitted by the Act, a Foreign Register of Members or debenture-holders resident in any such State or country and the Board may from, time to time, make such regulations as it may think fit respecting, the keeping of any such Foreign Register, such regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act, and the Board may from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of and local law and shall in any case, comply with the provisions of Sections 157 and 158 of the Act.
	<b>MANAGING OR WHOLETIME DIRECTORS</b>
How to appoint Managing or Wholetime Directors	127. Subject to the provisions of Sections 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more of their body to be Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his or their place or places.
To what provisions they shall be subject	128 (1) Subject to the provisions of Section 255 of the Act and of these Articles, a Managing Director or Wholetime Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director or Wholetime Director as the case may be if he ceases to hold the office of Director from any cause.
Seniority	(2) If at any time the total number of such Directors (including Managing Director or Wholetime Director) as are not subject to retirement by rotation is more than one-third of the total number of Directors for the time being, then such Managing Director or Managing Directors or Wholetime Director or Wholetime Directors who shall not retire, shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the .seniorities of the Managing Directors or of the wholetime Directors shall be determined by the dates of their respective appointments as Managing Directors or Wholetime Directors shall be determined by the dates of their respective appointments as Managing Directors or Wholetime Directors by the Board. As between persons who became Managing Directors or Wholetime Directors, as the case

	may be, on the same day, those who shall not retire shall in default of and subject to any agreement amongst themselves, be determined by lot.
Remunerations	129 Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director or Wholetime Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company.
Powers	130 Subject to the provisions of the Act in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director or wholetime Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit and the Board may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
Secretary	131 Subject to Section 383-A of the Act or any statutory modification thereof the Board shall appoint as Secretary of the Company an individual who possesses the prescribed qualification(s) on such terms and conditions the Board may think fit. Any Secretary so appointed may be removed by the Board and the Board may, in his place, appoint any other eligible person.
Custody of Seal	132 The Board shall provided for the safe custody of the Seal and the Seal shall never be used except by the authority of the Board, or a Committee of the Board authorised by the Board in that behalf and, save as provided in Article 150(1) hereof, any two Directors, or one Director and the Secretary, or one Director and such other person as the Board may appoint or such Constituted Attorney the board or the Committee may appoint, shall sign every instrument to which the Seal is affixed. Provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.
	<b>ANNUAL RETURNS</b>
Annual Returns	133 The Company shall comply with the provisions of Sections 159 and 161 of the Act as to the making of Annual Returns.
	<b>RESERVES</b>
Reserves	134 The Board may from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company, and may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it thinks fit, with full power to employ the Reserves or any parts thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.
Investment of money	135 All moneys carried to the Reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may, subject to the provisions of <i>Sections 370 and 372 of the Act</i>

	<i>be invested by the Board in or upon</i> such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper.
	<b>CAPITALISATION OF RESERVES</b>
Capitalisation of Reserves	136 The Board of Directors, unless otherwise specifically provided in the Companies Act, 1956 and/ or such other enactments or regulations in lieu thereof that maybe in force from time to time and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI), may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Securities Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Securities Premium Account or a Capital Redemption Reserve Account may; for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
Surplus moneys	137 A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.
Fractional Certificates	138 For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may determine that cash payments shall be made to any members in order to adjust the rights of all parties and may vest such cash in trustees upon such trusts for the persons entitled to the dividend or capitalised funds as may seem expedient to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointments shall be effective.
	<b>DIVIDENDS</b>
How profits shall be divisible	139 Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company, but so that a partly paid up share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not rank for dividends or confer a right to participate in profits.
Declaration of dividends	140 The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may subject to the provisions of Section 207 of the Act, fix the time for payment and determine that such dividend shall be payable to the holders registered as such at the close of some specified day of the shares in respect of which

	such dividend may be declared.
Restrictions on amount of dividends	141 No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.
Dividend out of profits only and not to carry interest	142 Subject to the provisions of Section 205 of the Act, no dividend shall be payable, except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
What to be deemed net profits	143 Subject to provisions of the Act, the declaration of the Board as to the amount of the net profits of the Company shall be conclusive.
Interim dividends	144 The Board, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
Debts may be deducted	145 The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. No unclaimed dividend shall be forfeited by the Board.
Dividend and call together	146 Subject to the provisions of Article 17, any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and the dividend may be set off against the call.
Dividend in cash	147 No dividend shall be payable except in cash; Provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.
	148 In cases where the instrument of transfer of shares has been lodged with the Company for registration but transfer of such shares has not been registered, the Company shall comply with the provisions of section 206A of the Companies Act, 1956 in regard to dividend, rights shares and bonus shares.
	149 The Company may pay interest on capital raised for the construction of works or buildings when and so far as it shall be authorised to do by Section 208 of the Act.
	150 No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers, but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of the Article 148.
	151 Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
	152 Payment of any dividend, whether interim or otherwise, shall be made to the persons entitled to share therein in the manner hereinafter provided.
	153 Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other monies payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint-holders to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint-holding or to such person and such address as the holder or joint-holders, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.
	154 All dividends unclaimed or remaining unpaid shall be dealt with in accordance with the provisions of sections 205 A and 205 B and any other applicable provision of the Act.

	<b>BOOKS AND DOCUMENTS</b>
	155 The Board shall cause to be kept in accordance with Section 209 of the Act proper books of account with respect to:- (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place; (b) all sales and purchases of goods by the Company; (c) the assets and liabilities of Company; and (d) such particulars relating to utilization of material or labour or to other items of cost as may be prescribed in accordance with the provisions of Section 209 (1) (d) of the Act
	156 The books of account shall be kept at the Office or at such other place in India as the Board may decide and when Board so decides the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.
Inspection	157. (1) Subject to the provisions of Section 209 of the Act, the books of account shall be open to inspection during business hours by any Director, Registrar or any officer of Government authorised by the Central Government in this behalf.  (2) The Board shall, from time to time, determine whether and to what extent, and at what times and places, and under what conditions or regulations, the books of account and books and documents of the Company, other than those referred to in Articles 124(2) and 182 or any of them, shall be open to the inspection of the members not being Directors; and no member (not being a Director) shall have any right of inspecting any books of account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.
Books of account and vouchers to be preserved	158. The books of account of the Company together with the vouchers relevant to any entry in such books of account shall be preserved in good order for a period of not less than eight years from the date of incorporation of the Company and, after the said period of eight years, the books of account of the Company together with the vouchers relevant to any entry in such books of account relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order.
	<b>BALANCE SHEET AND ACCOUNTS</b>
Balance Sheet and Profit and Loss Account	159. At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Sections 210, 211, 212, 215 and 216 and of Schedule VI to the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.
Annual Report of Directors	160. There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with Section 217 of the Act.
Copies to be sent to members and others	161. A copy of every balance sheet (including the profit and loss account, the auditors' report and every other document required by law to be annexed or attached, as the case may be, to the balance sheet) which is to be laid before the Company in general meeting shall, not less than twenty one days before the date of the meeting, be sent to every member of the Company, to every trustee for the holders of any debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him and to all other persons to whom the same is required to be sent by the said section.

	PROVIDED that upon the Company's shares being listed on a recognised stock exchange, the Company shall be at liberty to comply with the aforesaid requirement regarding dispatch of copies of documents by sending, subject always to the Company complying with the provisions of section 219 of the Act, a statement containing the salient features of the documents aforesaid in the prescribed form or copies of the documents aforesaid as the Company may deem fit.
Copies of Balance Sheet, etc. to be filed	162. The Company shall comply with Section 220 of the Act as to filing copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar.
	<b>AUDIT</b>
Accounts to be audited annually	163. Once at least in every year the books of account of the Company shall be examined by one or more Auditor or Auditors.
First Auditors	164. The first Auditor or Auditors of the Company shall be appointed by the Board within one month after the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting of the Company.
Appointment and remuneration of Auditors	165. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment, give intimation thereof to every Auditor so appointed unless he is or they are a retiring Auditor or Auditors. The appointment, remuneration, rights and duties of the Auditor or Auditors shall be regulated by Sections 224 to 227 of the Act.
Audit of accounts of branch office of Company	166. Where the Company has a branch office the provisions of Section 228 of the Act shall apply.
Right of Auditor to attend general meeting	167. All notices of, and other communications relating to any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend any general meeting and to be held at any general meeting which he attends on any part of the business when concerns him as Auditor.
Auditor's Report to be read	168. The Auditors' Report (including the Auditor's separate, special or supplementary report, if any) shall be read before the Company in general meeting and shall be open to inspection by any member of the Company.
When accounts to be deemed finally settled	169. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in general meeting shall be conclusive
	<b>SERVICES OF NOTICES AND DOCUMENTS</b>
How notices to be served on members	170. (1) A notice or other documents may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.
Service by post	(2) Where a notice or other document is sent by post:- (a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated

	to the Company in advance that notices or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and
	(b) such service shall be deemed to have been effected.  (i) in the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and  (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.
Notices to members who have not supplied addresses	171. A notice or other document advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him. Any member who has no registered address in India shall if so required to do by the Company, supply the Company with an address in India for the giving of notices to him.
Notice to joint-holders	172. A notice or other document may be served by the Company on the joint holders of a share by giving the notice to the joint-holder named first in the Register in respect of the share.
Notice to persons entitled by transmission	173. A notice of other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be so entitled, or, until such an address has been so supplied, by giving the notice in any manner in which the same might have given been if the death or insolvency had not occurred.
When notice may be given by advertisement	174. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by advertisement
How to advertise	175. Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighbourhood of the Office.
When notice by advertisement deemed to be served	176. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.
Transferee, etc., bound by prior notices	177. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.
Notice valid through member deceased	Subject to the provisions of Article 173, any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint-holders thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any jointly interested with him in any such share.
Service of process in	179. Subject to the provisions of Section 497 and 509 of the Act, in the event of a winding-up

winding-up	of the Company, every member of the Company who is not for the time being in Hyderabad shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some householder residing in the neighbourhood of the Office upon whom all summonses, notices, process, orders and judgements in relation to or under the winding-up of the Company may be served, and, in default of such nomination, the Liquidator of the Company shall be at liberty, on behalf of such member, to appoint some such person, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes, and where the Liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in some daily newspaper circulating in the neighbourhood of the Office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the Liquidator of the Company to serve any notice or other documents in any other manner prescribed by these Articles.
	<b>KEEPING OF REGISTERS AND INSPECTION</b>
Registers, etc. to be maintained by Company	180. The Company shall duly keep and maintain at the Office, Registers in accordance with the requirements of the Act.
Supply of copies of Registers, etc.	181. The Company shall comply with the provisions of Sections 39, 118, 163, 192, 196, 219, 301, 302, 304, 307, 370 and 372 of the Act as to the supplying of copies of the Registers, deeds, documents, instruments, returns, certificates and books therein mentioned to the persons therein specified when so required by such persons on payment of the charges, if any, prescribed by the said Sections.
Inspections of Registers, etc.	182. Subject to the provisions of Article 157, where under any provision of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of two and four O'clock in the afternoon on such business days as the Act requires them to be open for inspection.
When Registers of Members and Debenture-holders may be closed	183. The Company may, after giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Office is situate, close the Register of members or the Register of Debenture-holders as the case may be, for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.
	<b>RECONSTRUCTION</b>
Reconstruction	184. On any sale of the undertaking of the Company, the Board or the Liquidators on a winding-up may, if authorised by a special resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto

	save only in case the Company is proposed to be or is in the course of being wound-up, such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles.
	<b>SECRECY</b>
Secrecy	185. Every Director, Secretary, Trustee for the Company, its members or debenture-holders, member of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.
No member to enter the Premises of the Company without permission	186. No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board, or subject to Article 157, to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interests of the Company to communicate.
	<b>WINDING-UP</b>
Distribution of assets	187. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up before entering upon his duties sign a declaration pledging or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up paid-up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
Distribution of assets in specie	188. If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributors, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction, shall think fit.
	<b>INDEMNITY</b>
Indemnity	189. Every Director, Secretary or officer of the Company of any person (whether an officer of the Company or not) employed by the Company and any person appointed Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Secretary, officer, employee or Auditor in defending any processings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

## SECTION IX – OTHER INFORMATION

### Material Contracts and Documents

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this IM) which are or may be deemed material have been entered or to be entered into by our Company.

Copies of following documents are available at our registered office at Nagarjuna Hills, Punjagutta, Hyderabad 500082, for inspection on any working day (i.e. Monday to Friday and not being a bank holiday) from 2.00 p.m. to 5.00 p.m.

### Documents for Inspection

1. Shareholder's resolution and Board resolution approving the Scheme of Arrangement;
2. Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature of Bombay at Mumbai and Hon'ble High Court of Judicature of Andhra Pradesh at Hyderabad vide their orders dated 17/06/2011 and 27/06/2011;
3. Form 21 for ROC filing of the Scheme on 28/07/2011; 30/07/2011;
4. Memorandum and Articles of Association of NFCL incorporating the amendments pursuant to the Scheme of Arrangement;
5. Fresh certificate of incorporation of NFCL dated August 19, 2011 following change in name from Kakinada Fertilizers Limited to NFCL;
6. Certificate of incorporation of NFCL dated November 07, 2006;
7. In-principle approval from BSE and NSE dated 22/02/2011 and 15/02/2011 respectively, conveying their 'No Objection' to the Scheme under Clause 24(f) of the Listing Agreement;
8. Copy of Tripartite agreement dated August 22, 2011 entered into between the Company, CDSL and Registrar of the company;
9. Copy of Tripartite agreement dated August 24, 2011 entered into between the Company, NSDL and Registrar of the company;
10. Memorandum of Understanding dated July 12, 2011 signed between the Company and the registrars of the company;
11. Copy of approval from BSE dated December 18, 2011 approving the application for listing of the shares of the company
12. Copy of in-principle approval from NSE dated January 13, 2012 approving the application for listing of the shares of the company
13. Annual Report of the NFCL for FY 2014-15 and Independent Auditors' Report and Financial Statements for the year ended March 31, 2016
14. SEBI's letter no CFD/DIL/NR/PM/3052/2016 dated February 4, 2016 granting relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of shares of NFCL.
15. Statement of Tax Benefits dated May 17, 2016 received from Deloitte Haskins & Sells LLP., Chartered Accountants, advising the Company on the tax benefits available to the Company and its shareholders;

## **DECLARATION**

We, the Directors of NFCL, hereby declare that, all the relevant provisions of the Companies Act, 1956 and/or Companies Act, 2013, as applicable, and the guidelines issued by the Government of India or the Guidelines issued by the Securities Exchange Board of India, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of The Companies Act, 1956 and/or Companies Act 2013 , as applicable, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Information Memorandum are true and correct.

### **On behalf of Board of Directors**

For Nagarjuna Fertilizers and Chemicals Limited

**K S Raju**  
**Chairman**

**M Ramakanth**  
**Sr. Vice President-Legal & Company Secretary**

**Place:** Hyderabad  
**Date:** June 3, 2016