



Nagarjuna Fertilizers and Chemicals Limited

Annual
Report
2013-14

Board of Directors

K S Raju
Chairman

Chandra Pal Singh Yadav
Nominee of KRIBHCO

M P Radhakrishnan
Nominee of SBI

N C B Nath

S R Ramakrishnan

V Anish Babu
Nominee of IFCI

Viney Kumar
Nominee of IDBI Bank

Yogesh Rastogi
Nominee of ICICI Bank Ltd

K Rahul Raju
Managing Director

Registered Office

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

Website

www.nagarjunafertilizers.com

CIN : U24129AP2006PLC076238

Manufacturing Facilities

Urea

Kakinada, East Godavari Dist,
Andhra Pradesh

Micro-Irrigation

- a) Nacharam, Hyderabad
Telangana
- b) Sadashivpet Mandal, Medak Dist,
Telangana
- c) Halol, Panchmahal Dist.
Gujarat

Auditors

M/s. M Bhaskara Rao & Co.,
Chartered Accountants
Hyderabad - 500 082
INDIA

Secretary

M Ramakanth

Notice

NOTICE IS HEREBY GIVEN THAT THE 8TH ANNUAL GENERAL MEETING OF NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED WILL BE HELD AT 10.00 HOURS ON FRIDAY, SEPTEMBER 26, 2014 AT SRI SATYA SAI NIGAMAGAMAM, 8-3-987/2, SRINAGAR COLONY, HYDERABAD - 500 073 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the 8th Annual Report of the company, Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the financial year ended March 31, 2014, the Cash Flow Statement for the financial year ended March 31, 2014 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Chandra Pal Singh Yadav who retires by rotation and is eligible for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution which will be proposed as an Ordinary Resolution:

"RESOLVED THAT the retiring Auditors of the company, M/s. M Bhaskara Rao and Co., Chartered Accountants, Hyderabad, being eligible for reappointment be and are hereby reappointed as Auditors of the company to hold office for a term of five years commencing from the conclusion of the 8th Annual General Meeting upto the conclusion of the 13th Annual General Meeting on such terms and conditions as may be fixed by the Board of Directors of the company subject to the ratification of the Members of the company at every Annual General Meeting."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that in accordance with Sections 198, 269, 309 of the Companies Act, 1956 and in terms of Schedule XIII, the remuneration paid to Shri K S Raju, Chairman, during the period April 1, 2013 to March 31, 2014 (having been paid in terms of the approval obtained from the members in accordance with Schedule XIII of the Companies Act, 1956 and in view of the loss incurred by the company during the financial year April 1, 2013 to March 31, 2014) be and is hereby approved and ratified "

RESOLVED FURTHER THAT the company do obtain requisite approvals of the financial institutions and the Central Government for approval of the payment of remuneration to Shri K S Raju for the period April 1, 2013 to March 31, 2014 in view of the default made by the company in repayment of debts to the financial institutions during the financial year 2012-13 as per Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT any one of the Directors of the company or Shri M Ramakanth, Secretary, take necessary actions to give effect to the above resolution".

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that in accordance with Sections 198, 269, 309 of the Companies Act, 1956 and in terms of Schedule XIII, the remuneration paid to Shri K Rahul Raju, Managing Director, during the period April 1, 2013 to March 31, 2014 (having been

paid in terms of the approval obtained from the Members in accordance with Schedule XIII of the Companies Act, 1956 and in view of the loss incurred by the company during the financial year April 1, 2013 to March 31, 2014) be and is hereby approved and ratified.

RESOLVED FURTHER THAT the company do obtain requisite approvals of the financial institutions and the Central Government for approval of the payment of remuneration to Shri K Rahul Raju for the period April 1, 2013 to March 31, 2014 in view of the default made by the company in repayment of debts to the financial institutions during the financial year 2012-13 as per Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT any one of the Directors of the company or Shri M Ramakanth, Secretary, take necessary actions to give effect to the above resolution".

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that in accordance with Sections 196, 197 of the Companies Act, 2013 and in terms of Schedule V, the remuneration paid/payable to Shri K S Raju, Chairman, during the period April 1, 2014 to July 31, 2014 (having been paid and proposed to be paid in terms of the approval obtained from the members and in view of the loss incurred by the company during the financial year April 1, 2013 to March 31, 2014), be and is hereby approved and ratified "

RESOLVED FURTHER THAT the company do obtain requisite approvals of the financial institutions and the Central Government for approval of the payment of remuneration to Shri K S Raju for the period April 1, 2014 to July 31, 2014 in view of the default made by the company in repayment of debts to the financial institutions during the financial year 2013-14 pursuant to Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT any one of the Directors of the company or Shri M Ramakanth, Secretary, take necessary actions to give effect to the above resolution".

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that in accordance with Sections 196, 197 of the Companies Act, 2013 and in terms of Schedule V, the remuneration paid/payable to Shri K Rahul Raju, Managing Director, during the period April 1, 2014 to July 31, 2014 (having been paid and proposed to be paid in terms of the approval obtained from the members and in view of the loss incurred by the company during the financial year April 1, 2013 to March 31, 2014) be and is hereby approved and ratified "

RESOLVED FURTHER THAT the company do obtain requisite approvals of the financial institutions and the Central Government for approval of the payment of remuneration to Shri K Rahul Raju for the period April 1, 2014 to July 31, 2014 in view of the default made by the company in repayment of debts to the financial institutions during the financial year 2013-14 pursuant to Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT any one of the Directors of the company or Shri M Ramakanth, Secretary, take necessary actions to give effect to the above resolution".

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution

"RESOLVED THAT subject to Sections 196, 197, 198 and Schedule V and other applicable provisions of the Companies Act, 2013 Shri K S Raju be and is hereby re-appointed as Director and Chairman of the Company for a period of 3 years with effect from August 1, 2014 subject to the approval of the financial institutions and the Central Government".

"RESOLVED FURTHER THAT Shri K S Raju, be and is hereby paid the following remuneration and perquisites during the term of his office and the same also be paid as minimum remuneration in the event of inadequacy or absence of profits in any financial year, during his term of office."

1. a. Salary
Salary (including dearness allowance and all other allowances) - ₹ 2,50,000/- per month
- b. Commission : 0.5% of the net profits of the Company, limited to his annual salary.

2. Perquisites

Perquisites shall be restricted to an amount equal to the annual salary

i. Housing:

- a. The expenditure incurred by the company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
- b. In case the accommodation is owned by the company, ten per cent of the salary shall be deducted by the company; or
- c. In case no accommodation is provided by the company, Shri K S Raju shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).

Explanation: The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.

ii. Medical Reimbursement:

Reimbursement of the expenses incurred for self and family subject to a ceiling of Rs 5 lakhs per year.

iii. Leave Travel Concession:

Leave travel concession for self and family once in a year, incurred in accordance with the rules of the company.

Explanation: Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.

iv. Club Fees:

Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.

v. Personal Accident Insurance:

Personal accident insurance of an amount, the annual premium of which does not exceed ₹ 10,000/- per annum.

- vi. a. Company's contribution towards provident fund as per the rules of the company.
- b. Gratuity as per the rules of the company.

- c. Company's contribution towards superannuation fund as per the rules of the company.

The aforesaid perquisites stated in (vi)(a), (vi)(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

vii. Earned Leave:

On full pay and allowances and perquisites, as per the rules of the company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

viii. Car for use on company's business and telephone at residence shall not be considered as perquisites".

"RESOLVED FURTHER THAT the remuneration specified above for Shri K S Raju, Chairman may, subject to overall ceiling specified above and subject to Schedule V of the Companies Act, 2013, and the approval of the Central Government, be modified as may be agreed to by the company and Shri K S Raju, Chairman".

"RESOLVED FURTHER THAT the perquisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Shri K S Raju, Chairman".

RESOLVED FURTHER THAT any one of the Directors of the company or Shri M Ramakanth, Secretary, take necessary actions to give effect to the above resolution".

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT subject to Sections 196, 197 198 and Schedule V and other applicable provisions of the Companies Act, 2013 Shri K Rahul Raju be and is hereby re-appointed as Director and Managing Director of the company for a period of 3 years with effect from August 1, 2014 subject to the approval of the financial institutions and the Central Government".

"RESOLVED FURTHER THAT Shri K Rahul Raju, be and is hereby paid the following remuneration and perquisites during the term of his office and the same also be paid as minimum remuneration in the event of inadequacy or absence of profits in any financial year, during his term of office."

1. a. Salary
Salary (including dearness allowance and all other allowances) - ₹ 2,50,000/- per month
- b. Commission : 0.5% of the net profits of the Company, limited to his annual salary.

2. Perquisites

Perquisites shall be restricted to an amount equal to the annual salary

i. Housing:

- a. The expenditure incurred by the company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
- b. In case the accommodation is owned by the company, ten per cent of the salary shall be deducted by the company; or
- c. In case no accommodation is provided by the company, Shri K Rahul Raju shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).

Explanation: The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.

ii. Medical Reimbursement:

Reimbursement of the expenses incurred for self and family subject to a ceiling of ₹ 5 lakhs per year.

iii. Leave Travel Concession:

Leave travel concession for self and family once in a year, incurred in accordance with the rules of the company.

Explanation: Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.

iv. Club Fees:

Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.

v. Personal Accident Insurance:

Personal accident insurance of an amount, the annual premium of which does not exceed ₹ 10,000/- per annum.

vi. a. Company's contribution towards provident fund as per the rules of the company.

b. Gratuity as per the rules of the company.

c.. Company's contribution towards superannuation fund as per the rules of the company.

The aforesaid perquisites stated in (vi)(a), (vi)(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

vii. Earned Leave:

On full pay and allowances and perquisites, as per the rules of the company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

viii. Car for use on company's business and telephone at residence shall not be considered as perquisites".

"RESOLVED FURTHER THAT the remuneration specified above for Shri K Rahul Raju, Managing Director may, subject to overall ceiling specified above and subject to Schedule V of the Companies Act, 2013 and the approval of the Central Government, be modified as may be agreed to by the company and Shri K Rahul Raju, Managing Director".

"RESOLVED FURTHER THAT the perquisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Shri K Rahul Raju, Managing Director".

RESOLVED FURTHER THAT any one of the Directors of the company or Shri M Ramakanth, Secretary, take necessary actions to give effect to the above resolution".

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Dr N C B Nath, Director of the Company

and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Dr N C B Nath as a candidate for the office of Director of the company, be and is hereby appointed as an Independent Director of the company to hold office upto the conclusion of the 13th Annual General Meeting or September 25, 2019, whichever is later, not liable to retire by rotation.

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Shri S R Ramakrishnan, Director of the Company and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri S R Ramakrishnan as a candidate for the office of Director of the company, be and is hereby appointed as an Independent Director of the company to hold office upto the conclusion of the 13th Annual General Meeting or September 25, 2019, whichever is later, not liable to retire by rotation.

12. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), Shri Dantu Mitra, the Cost Auditor appointed by the Board of Directors of the Company, to conduct the Cost Audit in relation to the products - 'Manufactured Fertilizer' and 'Micro Irrigation' of the Company for the financial year ending March 31, 2015, be paid the remuneration as may be fixed by the Board of Directors of the company and reimbursement of out of pocket expenses".

13. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to approve/ ratify the contribution not exceeding ₹ 2 Crores during the Financial Year 2014-2015 to Nagarjuna Foundation, a Section 25 company registered under the Companies Act, 1956 with Registered Office at D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, to be paid in one or more tranches as required from time to time for undertaking Corporate Social Responsibility activities on behalf of the company."

By Order of the Board

Hyderabad
July 30, 2014

M Ramakanth
Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
3. Instrument of proxies in order to be effective must be deposited at the company's registered office not less than 48 hours before the meeting.
4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the company is providing e-voting facility to enable shareholders to cast their vote electronically on all the resolutions set forth in the Notice to the 8th Annual General Meeting to be held on Friday i.e., September 26, 2014 at 10.00 AM. The company has engaged the services of Central Depository Services (India) Limited to provide e-voting platform to the shareholders.

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

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

5. Shareholders who do not have access to e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before closing of business hours of September 22, 2014.
6. Members are requested to notify immediately the change, if any, of the address registered with the company.
7. Members desiring to seek any information on the annual accounts are requested to write to the company at an early date to enable compilation of information.
8. The Register of Members and the Share Transfer Books will remain closed from September 12, 2014 to September 26, 2014 (both days inclusive).
9. The company has received approval for listing of 59,80,65,003 Equity Shares from Bombay Stock Exchange on December 14, 2011 and In-principle approval for listing from National Stock Exchange on January 13, 2012. The company is awaiting relaxation from SEBI under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957. Members may please refer to the Directors Report for more information on the matter.
10. The company has paid the initial listing fees to The Bombay Stock Exchange and The National Stock Exchange of India Limited, Mumbai.

11. Members whose shareholding is in the electronic mode are requested to inform change of address, notifications and updates of bank account details to their respective Depository Participants.
12. Members are requested to update the new bank account number allotted after implementation of Core Banking Solutions (CBS) to the company in case of shares held in physical form and to Depository Participant (DP) in case of shares held in demat form.
13. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company while transacting in the securities market including transfer, transmission or any other corporate action.

Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company while transacting in the securities market including transfer, transmission or any other corporate action.

14. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the company, at the company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956) and such other enactments or regulations in lieu thereof that maybe in force from time to time, be transferred to the Investor Education and Protection Fund.

The Company in accordance with the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, has uploaded the details of unpaid and unclaimed amounts lying with the Company as on November 29, 2013 (date of last Annual General Meeting) on the website of the Company (www.nagarjunafertilizers.com), as also on the website of the Ministry of Corporate Affairs.

15. The Annual Report 2013-2014 along with the Notice of the 8th Annual General Meeting, instructions on e-voting, Ballot Form, attendance slip and proxy form is being mailed in electronic mode to all the members whose email addresses are registered with the Company/ Depository Participant unless communication is received to the contrary. Members who have not registered their email addresses shall receive printed copies of the Annual Report.

The Notice of the 8th Annual General Meeting alongwith the Annual Report 2013-2014 will be available on the Company's website, www.nagarjunafertilizers.com

16. Shareholders requiring a printed copy of the Annual Report may forward their request to the company in writing.
17. Members are requested to address all correspondences, including dividend matters, to Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082.
18. Shareholders are requested to furnish their e-mail ID's to enable the company forward all the requisite information in electronic mode.
19. The company has designated an exclusive e-mail ID titled investors@nagarjunagroup.com for redressal of shareholder's complaints/grievances. In case you have any queries/complaints or unresolved grievances, then please write to us at ramakanthm@nagarjunagroup.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4, 5, 6 and 7

Shri K S Raju was appointed as the Chairman and Shri K Rahul Raju was appointed as the Managing Director of Kakinada Fertilizers Limited (KFL), with effect from August 1, 2011 on a monthly salary of Rs 75,000 plus perquisites of a like amount, by the shareholders of KFL at the Annual General Meeting held on July 12, 2011.

Pursuant to a Composite Scheme of Arrangement and Amalgamation between Ikisan Limited, Kakinada Fertilizers Limited, Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited, the erstwhile NFCL was merged with Kakinada Fertilizers Limited and Kakinada Fertilizers Limited changed its name to Nagarjuna Fertilizers and Chemicals Limited.

The remuneration of Shri K S Raju and Shri K Rahul Raju was enhanced to ₹ 2.50 lakh per month plus perquisites of a like amount after the above scheme became effective from July 30, 2011. This enhancement of the remuneration was effective from November 8, 2011 and was approved by the shareholders at their meeting held on August 31, 2012. The company at the time of appointment was in compliance with Schedule XIII of the Companies Act, 1956 and thereafter was a profit making company upto March 31, 2013. The remuneration paid to Shri K S Raju and Shri K Rahul Raju upto March 31, 2013 was in compliance with Schedule XIII of the Companies Act, 1956.

Your company has incurred a loss for the year ended March 31, 2014.

The loss has arisen owing to shortage of Natural Gas, volatility in forex market, delays in realization of subsidy dues from Government of India and its subsequent effect on working capital.

In view of loss incurred by the company for the year ended March 31, 2014 and in view of the default made by the company in repayment of its debt to the financial institutions during the year 2012-13, the remuneration paid, as approved by the Members to Shri K S Raju, Chairman and Shri K Rahul Raju, Managing Director during the year April 1, 2013 to March 31, 2014 is not in accordance with Schedule XIII to the Companies Act, 1956 and the remuneration paid / payable during the period April 1, 2014 to July 31, 2014 to Shri K S Raju, Chairman and Shri K Rahul Raju, Managing Director is not in accordance with Schedule XIII to the Companies Act, 1956 as also not in compliance of the Schedule V to the Companies Act, 2013. The remuneration so paid as stated above requires the approval of the shareholders and Central Government.

The company is in the process of obtaining approval / ratification of the financial institutions and consortium of working capital banks for payment of the remuneration.

The remuneration paid during the year April 1, 2013 to March 31, 2014 to Shri K S Raju, Chairman and Shri K Rahul Raju, Managing Director, in terms of the resolutions passed at the 6th Annual General Meeting held on August 31, 2012 is mentioned below:

Name of the Director	Designation	Period	Total Remuneration Paid	Total Remuneration approved by Members at AGM held on August 31, 2012
Shri K S Raju	Chairman	2013 - 2014	57,76,469	60,00,000
Shri K Rahul Raju	Managing Director	2013 - 2014	56,82,018	60,00,000

The Board of Directors of the company based on the recommendation of the Nomination and Remuneration Committee, commends the remuneration paid, for approval and ratification of Members.

None of the directors or Key Managerial Personnel of the Company or their relatives except Shri K S Raju and Shri K Rahul Raju, for themselves and each other are concerned or interested in these resolutions.

Item No. 8

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

The Board of Directors of the Company at their Meeting held on May 29, 2014 based on recommendation of the Nomination and Remuneration Committee re-appointed Shri K S Raju as Chairman for a period of three years effective August 1, 2014, subject to necessary approvals.

Shri K S Raju is a Graduate in Mechanical Engineering from University of Mysore. He started his professional career as Project Manager in NSL Limited (formerly Nagarjuna Steels Limited and now merged with Pennar Steels Limited).

He was appointed the Whole-time Director of Nagarjuna Fertilizers and Chemicals Limited in the year 1987 and was appointed as Managing Director in 1993 and Vice Chairman of NFCL in 1994. Under his leadership, the company has made its presence felt in Agri Business. Shri K S Raju was appointed as Chairman & Managing Director of NFCL with effect from April 27, 2006.

Shri K S Raju has been associated with the erstwhile NFCL since 1985 and the company since August 2011 and has made significant contributions to the progress of the Company. His experience and expertise would be of immense value to the Company.

It is now proposed to re-appoint Shri K S Raju as Chairman of the Company for a period of 3 years with effect from August 1, 2014

As stated in the Explanatory Note in Items 6 to 7 of this Notice, the Company has incurred a loss as on March 31, 2014. In view of the critical position of the company and the experience of Shri K S Raju and his ability to turn around the Company and in the interest of the Company, it would be necessary to re-appoint him as Chairman and pay him the proposed remuneration also as a minimum remuneration. The company shall make necessary applications to Central Government for the payment of remuneration to Shri K S Raju.

The company is in the process of obtaining the approval of the financial institutions and consortium of working capital banks for the re-appointment of Shri K S Raju as Chairman of the company for a period of three years effective from August 1, 2014 and payment of proposed remuneration as minimum remuneration.

The Board commends the re-appointment of Shri K S Raju as Chairman of the Company for a period of 3 years with effect from August 1, 2014 and the remuneration to be paid to him as per the terms and conditions stated in the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Shri K S Raju and Shri K Rahul Raju, for themselves and each other, are concerned or interested in these resolutions.

Item No. 9

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

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

Shri 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 year. The company had several firsts to its record. When NFCL had entered CDR, Shri K Rahul Raju was asked to join NFCL as Director - Business Development and Strategic Planning of Nagarjuna Fertilizers and Chemicals Limited 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. He was later appointed to the position of Joint Managing Director w.e.f. November 1, 2008. He was appointed as the Managing Director of NFCL for a period of three years effective from August 1, 2011.

It is now proposed to re-appoint Shri K Rahul Raju as Managing Director of the Company for a period of 3 years with effect from August 1, 2014

As stated in the Explanatory Note in Items 4 to 8 of this Notice, the Company has incurred a loss as on March 31, 2014. In view of the critical position of the company and the experience of Shri K Rahul Raju and his ability to turn around the Company and in the interest of the Company, it would be necessary to re-appoint him as Managing Director and pay him the proposed remuneration also as a minimum remuneration. The company shall make necessary applications to the Central Government for payment of remuneration to Shri K Rahul Raju.

The company is in the process of obtaining the approval of the financial institutions and consortium of working capital banks for the re-appointment of Shri K Rahul Raju as Managing Director of the company for a period of three years effective from August 1, 2014 and payment of proposed remuneration as minimum remuneration even in the event of inadequate profit or loss as per the provisions of the Companies Act, 2013.

The Board commends the re-appointment of Shri K Rahul Raju as Managing Director of the Company for a period of 3 years with effect from August 1, 2014 and the remuneration to be paid to him as per the terms and conditions stated in the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Shri K Rahul Raju and Shri K S Raju, for themselves and each other, are concerned or interested in these resolutions.

Statement of disclosure pursuant to Schedule V to the Companies Act, 2013, in relation to Item No 8 and 9 of the Notice:

The following disclosures are being made in relation to the re-appointment and payment of remuneration of Shri K S Raju as Chairman and Shri K Rahul Raju as Managing Director, respectively

I. General Information:

1. Nature of the Industry

The Company is in the fertilizer sector and manufactures Urea and Micro-irrigation systems and also is in the business of sale of other fertilizers.

The company is the second largest manufacturer of Urea in the private sector and is the largest fertilizer manufacturers in South India. The company is also the second largest manufacturer of Micro-Irrigation systems in India.

Urea contributed about 75% of the annual turnover, during the year 2013-14 and is a commodity, the production and marketing of which is controlled under the Essential Commodities Act, 1955.

The Company's main product viz urea continues to be under Government policy.

2. Date of Commencement of Commercial Production

(includes data of erstwhile NFCL since merged into Kakinada Fertilizers Limited now renamed as Nagarjuna Fertilizers and Chemicals Limited)

a. Urea and ammonia plants.

The Plant 1 of the company commenced commercial production in August 1992 and Plant 2 commenced commercial production in March 1998.

b. Revamp / de-bottlenecking with Carbon-dioxide recovery unit under Clean Development Mechanism of the plants at Kakinada

During the years 2007 - 2008 the company carried out a major revamp/ de-bottlenecking with carbon-dioxide recovery unit under clean development mechanism of the plants at Kakinada with the technical collaboration with Mitsubishi Heavy Industries Ltd, Japan and Tecnimont ICB Pvt Ltd, Mumbai, which is an Indian subsidiary of Tecnimont S. P. A., Italy.

c. Micro Irrigation Plants

The company also acquired the Micro irrigation business from one of its group companies through a scheme of merger.

The Micro Irrigation Plant at Nacharam commenced commercial production in March 1998, at Sadasivapeta, Hyderabad in December 2009 and at Halol, Gujarat, which merged with company through a scheme of merger and amalgamation, in May 2011.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

4. Foreign investments or collaborators, if any.

a. Foreign Investments

Saipem SpA hold 44 lakhs equity shares of ₹ 1/- each aggregating to ₹ 44 lakhs which amounts to 0.74 % of the total equity capital of the company.

As on March 31, 2014 out of the total paid up equity capital, foreign institutional investments accounts for 1.69% while Non resident Indians hold 0.97% of the total paid up equity capital.

b. Foreign collaborators

(i) Urea and ammonia plants.

Technical collaborators:

The company's ammonia and urea plants were established with Foreign technical collaboration. The ammonia plants were established with technical collaboration of Haldor Topsoe, Denmark and the urea plants were established with the technical collaboration of Saipem, SpA, Italy.

(ii) Revamp / de-bottlenecking

Revamp / de-bottlenecking under Clean Development Mechanism of the Plants at Kakinada was carried out with technical collaboration with Mitsubishi Heavy Industries Ltd., Japan and Tecnimont ICB Pvt. Ltd., Mumbai.

II. Information about the appointee:

a. Background details

Shri K S Raju

Shri K S Raju is a Graduate in Mechanical Engineering from University of Mysore. He started his professional career as Project Manager in NSL Limited in the year 1977 (formerly Nagarjuna Steels Limited and now merged with Pennar Steels Limited). He was appointed the Whole-time Director of erstwhile Nagarjuna Fertilizers and Chemicals Limited in the year 1987 and was appointed as Managing Director in 1993 and Vice Chairman of erstwhile NFCL in 1994. Under his leadership, the company has made its presence felt in Agri Business. Shri K S Raju was appointed as Chairman & Managing Director of NFCL with effect from April 27, 2006.

Shri K S Raju has been associated with the erstwhile NFCL since 1985 and was appointed as Chairman of NFCL (formerly Kakinada Fertilizers Limited) since August 1, 2011 and has made significant contributions to the progress of the Company. His experience and expertise would be of immense value to the Company.

The remuneration proposed to be paid to Shri K S Raju is much lower than the industry standards. Shri K S Raju besides receiving remuneration for his services as Chairman does not receive any other monetary or non-monetary benefit from the Company.

Shri K Rahul Raju

Shri K Rahul Raju is an Honours Graduate in Commerce from the Osmania University and Post Graduate Diploma in Management.

Shri 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. Erstwhile NFCL had several firsts to its record. When erstwhile NFCL had entered CDR, Shri K Rahul Raju was asked to join erstwhile NFCL as Director - Business Development and Strategic Planning of Nagarjuna Fertilizers and Chemicals Limited in 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. He was later appointed to the position of Joint Managing Director w.e.f. November 1, 2008 in the erstwhile NFCL.

He was appointed as the Managing Director of NFCL (formerly Kakinada Fertilizers Limited) for a period of three years effective from August 1, 2011.

The remuneration proposed to be paid to Shri K Rahul Raju is much lower than the industry standards. Shri K Rahul Raju besides receiving remuneration for his services as Managing Director of the Company does not receive any other monetary or non-monetary benefit from the Company.

b. Past remuneration

The remuneration paid / payable during the period April 1, 2013 to March 31, 2014 and April 1, 2014 to July 31, 2014 has already been approved by the Members of the company upto the period ended July 31, 2014 and there is no proposal for change.

c. Recognition or awards

Not applicable

d. Job profile and his suitability

(i) Shri K S Raju is a Mechanical Engineer and has over 37 years experience. He has been associated with the erstwhile NFCL since 1987 as Whole-time Director and Chairman of the company since August 2011 and made significant contribution to erstwhile NFCL and the company.

(ii) Shri K Rahul Raju is a Honors Graduate in Commerce, Post Graduate Diploma in Management and has over 17 years experience. He has been associated with the erstwhile NFCL since 1997 as Whole-time Director and Managing Director of the company since August 2011 and made significant contribution to erstwhile NFCL and the company.

e. Remuneration proposed

Salary : Rs 2.50 lakhs p.m. (including dearness allowance and all other allowances)

Commission : 0.5% of the net profits of the company, limited to annual salary

Perquisites : restricted to an amount equal to the annual salary.

f. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration being paid to Shri K S Raju and Shri K Rahul Raju is much lower compared to the fertilizer industry standards and companies of similar size and turnover. i.e., is around 25% of the remuneration being paid by similar fertilizer companies to their managerial personnel.

g. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Shri K S Raju Chairman and Shri K Rahul Raju Managing Director are related to each other.

Other than the remuneration proposed they do not receive any other pecuniary benefits.

III. Other Information:

(1) Reasons for loss or inadequate profits

The company has incurred a loss as on March 31, 2014. The loss has arisen owing to shortage of Natural Gas, volatility in forex market, delays in realization of subsidy dues from Government of India and its consequent effect on working capital.

(2) Steps taken or proposed to be taken for improvement

The company's plants continue to operate efficiently and the fertilizers operations of the company are viable and profitable. Owing to the reasons stated above, the company has incurred a loss and the company proposes to improve its profitability by taking measures such as

- a. Make efforts to secure additional availability of natural gas.
- b. Improve energy efficiency
- c. Further improve the operations of the company
- d. Cost control

(3) Expected increase in productivity and profits in measurable terms.

The availability of additional Natural Gas will result in increase in the production and consequent increase in profit.

The energy efficiency would also improve and this would lead to higher productivity and profits. The company also proposes to take adequate measures to control costs.

IV. Disclosures:

The following disclosures shall be mentioned in the report of the Board of Director's under the heading "Corporate Governance", if any, attached to the financial statement:-

Disclosures are mentioned in the Corporate Governance Report for the year 2013-14. The details are as under :

- (i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;
- (a) the Executive Directors are entitled to the following remuneration :
 - (1) Salary : Rs 2.50 lakhs p.m. (including dearness allowance and all other allowances)
 - (2) Perquisites : restricted to an amount equal to the annual salary.
 - (3) Commission : 0.5% of the net profits of the company, limited to annual salary
- (b) the Non-Executive Directors are not entitled to any remuneration except payment of Sitting Fees of ₹ 15,000/- per Board / Committee Meetings, attended by them.
- (ii) details of fixed component and performance linked incentives along with the performance criteria :
Nil
- (iii) service contracts, notice period, severance fees :
The Managerial Personnel are subject to service rules as other employees of the company. The Rules and Regulations governing service contracts, notice periods and severance fees are detailed in the H R Policy of the company.
- (iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Not applicable as no stock option schemes are provided.

Details of remuneration proposed to be paid to Shri K S Raju and Shri K Rahul Raju is provided in the draft resolution No. 8 and 9 respectively of the Notice convening the 8th Annual General Meeting.

Item No. 10 & 11

Dr. NCB Nath and Shri S R Ramakrishnan are Non-Executive (Independent) Directors on the Board of the company. They joined the Board of Directors on July 27, 2011.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company which is applicable from October 1, 2014.

The Companies Act, 2013 prescribes the manner in which an Independent Director needs to be appointed.

The company has received notices in writing under the provisions of the Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Dr NCB Nath and Shri S R Ramakrishnan as Independent Directors as per the provisions of Section 149 of the Companies Act, 2013.

The company has received from Dr. NCB Nath and Shri S R Ramakrishnan, the following:

- a) Consent in writing to act as Director in Form DIR- 2
- b) Declaration in Form DIR-8 confirming that he is not disqualified under Section 164(2) of the Companies Act, 2013.
- c) Declaration as per Section 149 (6) of the Companies Act, 2013, that he meets the criteria of independence.

It is now proposed to appoint Dr NCB Nath and Shri S R Ramakrishnan as Independent Directors of the company not liable to retire by rotation upto conclusion of 13th Annual General meeting or September, 25 2019, whichever is later pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement.

In the opinion of the Board, Dr N C B Nath and Shri S R Ramakrishnan fulfill the conditions for appointment as Independent Directors as specified in the Act, Rules made thereunder and the Listing Agreement. Dr N C B Nath and Shri S R Ramakrishnan are independent of the management.

Brief resume of Dr NCB Nath and Shri S R Ramakrishnan, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Dr N CB Nath and Shri S R Ramakrishnan as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company during normal working hours on working days upto the date of the Annual General Meeting.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions except Dr NCB Nath and Shri S R Ramakrishnan.

The Board commends the Ordinary Resolutions set out at Item No. 10 and 11 of the Notice for approval by the shareholders.

Item No. 12

The Board of Directors at their meeting held on May 29, 2014, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Shri Dantu Mitra as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 12 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 12 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 12 of the Notice for approval by the shareholders.

Item No. 13

The Company has been undertaking various Corporate Social Responsibility (CSR) activities since the year 2008 under the aegis of Nagarjuna Foundation, a not-for-profit company incorporated under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013). In terms of Section 135 of the Companies Act, 2013, the Company is required to spend at least 2% of the average net profits of the company made during the three immediately preceding financial years on CSR activities.

The company in spite of the loss incurred in the financial year 2013-2014, proposes to contribute to Nagarjuna Foundation for undertaking CSR activities in view of its commitment to the society.

Nagarjuna Foundation is a 'related party' within the meaning of Section 2(76) of the Companies Act, 2013. All related party transactions requires approval of the members of the company by way of special resolution unless the transaction is at arms length basis.

The contribution though on arms length basis is being placed before the shareholders for approval, as a matter of good governance.

The particulars of the transaction are as under:

- a) Name of the related party: Nagarjuna Foundation
- b) Name of the director or key managerial personnel who is interested: Shri K S Raju and Shri K Rahul Raju
- c) Nature of relationship:
 - (i) Shri K Rahul Raju is a Director in both companies and holds 49.98% of equity capital of Nagarjuna Foundation
 - (ii) Shri K S Raju is a Director of the Company and Nagarjuna Foundation
- d) Nature, material terms, monetary value and particulars of the contract or arrangement:

Contribution of ₹ 2 Crores to Nagarjuna Foundation for the financial year 2014-2015 in one or more tranches as required from time to time for undertaking CSR activities.
- e) Any other information relevant or important for the members to take a decision on the proposed resolution: NIL

Your Directors commend the resolution for approval of members as a special resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Shri K Rahul Raju and Shri K S Raju are concerned or interested in the resolution.

Inspection of Documents

The documents pertaining to Special Business are available for inspection at the Registered Office of the company between 10.30 a.m. and 12.30 p.m. on any working day prior to the meeting.

By Order of the Board

Hyderabad
July 30, 2014

M Ramakanth
Secretary

Directors' Report

Your Directors have pleasure in presenting the 8th Annual Report together with the Audited Accounts of your company for the year ended March 31, 2014.

The financial results and the consolidated financial results of the company for the year ended March 31, 2014 are as under:

FINANCIAL RESULTS			₹ in Crores	
Particulars	2013 - 2014 current year	2012 - 2013 previous year		
Net Sales/Income from Operations	3448.43	5484.62		
Other Income	32.29	32.25		
Total Expenditure				
a. (Increase)/Decrease in Stock	13.40	(8.57)		
b. Cost of materials consumed	713.80	747.46		
c. Employee benefits expense	136.89	131.55		
d. Purchase of traded products	1443.83	3085.15		
e. Power and fuel	479.53	450.03		
f. Other expenses	409.48	561.68		
Total	3196.93	4967.30		
Finance cost	281.74	264.23		
Depreciation and amortization	126.15	123.11		
Profit/(Loss) before exceptional items and tax	(124.10)	162.23		
Exceptional Items	205.61	-		
Provision for tax	16.31	74.63		
Deferred tax	(106.91)	6.54		
Profit / (Loss) after tax	(239.11)	81.06		
Dividend - equity shares	-	-		
Tax on proposed dividend	-	-		
Balance c/d to balance sheet	(239.11)	81.06		
Paid Up equity share capital				
(Face value of ₹ 1/- per share)	59.81	59.81		
Reserves excluding revaluation reserve	2086.59	2320.22		
Earnings per share (annualized) - in ₹				
Basic and Diluted	(4.00)	1.36		

Consolidated financial statements are also attached along with the financial statements of the company.

The Loss after tax for the year was ₹ 239.11 Crores against profit after tax of ₹ 81.06 Crores for the previous year.

The loss has arisen on account of Shortage of Natural Gas, volatility in forex market, delays in realization of subsidy dues from Government of India and its consequent effect on working capital during the year 2013-14 as compared to the previous year.

RESTRUCTURING

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

Consequent to the approval of the Jurisdictional High Courts the Composite Scheme was made effective on July 30, 2011 i.e., 'Effective Date' but operative from 'Appointed Date' i.e., April 1, 2011. With

CONSOLIDATED FINANCIAL RESULTS

₹ in Crores

Particulars	2013 - 2014 current year	2012 - 2013 previous year
Net sales/income from operations	3448.43	5484.62
Other income	36.07	35.22
Total expenditure		
a. (Increase) /decrease in stock	13.40	(8.57)
b. Cost of materials consumed	713.80	747.46
c. Employee benefits expense	136.91	131.58
d. Purchase of traded products	1443.82	3085.15
e. Power and fuel	479.53	450.04
f. Other expenses	409.58	561.74
Total	3197.04	4967.40
Finance cost	281.75	264.23
Depreciation and amortization	126.15	123.11
Profit/ (Loss) before exceptional items and tax	(120.44)	165.10
Exceptional Items	205.61	-
Provision for tax	16.42	74.72
Deferred tax	(106.91)	6.54
Profit / (loss) after tax before minority interest	(235.56)	83.84
Share of Loss transferred to Minority Interest	-	-
Share of Loss from Associate Company	-	(0.04)
Profit / (Loss) for the year	(235.56)	83.80
Dividend-equity shares	-	-
Tax on proposed dividend	-	-
Balance c/d to balance sheet	(235.56)	83.80
Paid-up equity share capital		
(Face value of ₹ 1/- per share)	59.81	59.81
Reserves excluding revaluation reserve	2103.16	2325.65
Earnings per share (annualized) - in ₹		
Basic and Diluted	(3.94)	1.40

effect from July 30, 2011, the 'Oil Business Undertaking' of Erstwhile NFCL was demerged into NORL and the residual NFCL along with Ikisan were merged into your company.

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

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

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

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

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

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

SHARE CAPITAL

The paid-up equity capital of the company as on March 31, 2014 is ₹ 59,80,65,003/- consisting of 59,80,65,003 equity shares of ₹ 1/- each.

CORPORATE DEBT RESTRUCTURING

The company was sanctioned a restructuring proposal by the Corporate Debt Restructuring (CDR) Cell in the year March 2004 under the CDR system.

The company in view of being able to meet its financial commitments has been granted approval to exit the CDR system and has also settled the recompense payable to the Lenders.

PLANT OPERATIONS

Urea

Your company during the year manufactured 14.28 LMT of urea as against 15.66 LMT in the previous year.

The reduction in the production during the year compared to previous year was due to shortage of supply of natural gas to the company.

Micro-Irrigation

Your company achieved a production of 1796 Lakh Mtrs against 1752 Lakh Mtrs during the previous year.

Customized Fertilizers

Customized Fertilizers production and sale was restricted on account of difficult market conditions during the year.

MARKETING

Urea

Your company achieved a sale of manufactured urea of 14.60 LMT compared to 15.55 LMT in the previous year.

The total urea sales for both manufactured and imported was 31.44 LMT compared to 33.39 LMT of previous year.

Other Traded Products

Bulk Products

Your company sold 1,34,303 MTS during the year, in comparison with sales of 7,02,136 MTS during the previous year.

Specialty Fertilizers

Your company sold 11,239 MTS during the year, in comparison with sales of 12,853 MTS during the previous year.

Micro-nutrients

Your company sold 3383 MTS during the year, in comparison with sales of 5340 MTS during the previous year.

Kakinada Phase - III Expansion Project

The Board of Directors of your company had decided to take forward the project only after the Government of India provides more clarity on the New Investment Policy - 2012 and the same being favorable to the company.

ENVIRONMENT, SAFETY AND AWARDS

Environment

Your company continues its mission of protecting the environment and has inculcated the concept right down the organization.

The statutory compliance on environmental matters is being complied from time to time.

Safety

Your company on March 31, 2014 completed 4.9 million accident-free man-hours by employees of the company.

Awards

Your company during the year bagged various prestigious awards such as:

- **Best Management Award:** Andhra Pradesh Government has presented this Award for maintaining excellent Industrial Relations and for effective implementation of Employee Welfare activities.
- **ICC Award:** NFCL won "Certificate of Merit" for "Excellence in Management of Health, Safety & Environment" for the year 2012, under Category of Companies with Annual Sales Revenue more than ₹ 500 Crores.
- **Certificate of Appreciation:** NFCL received "Certificate of Appreciation" in recognition of appreciable achievement in Occupational Safety & 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.
- **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.

RESEARCH AND DEVELOPMENT

Your company is actively pursuing the development of technologies to propel its core business and allied new business. The focus areas for technology development are in the areas of Plant Nutrition Solutions and Green Chemicals. In each of these areas, the company has made substantial progress. The new products and processes are expected to provide a sustainable competitive advantage and better market share thereby propelling the business growth.

COMPANY POLICY MATTERS

Your company's endeavour has always been to maintain transparency and accountability to its stakeholders. In this direction, various policies mentioned in the Corporate Governance Report have been implemented to enable the stakeholders to appreciate the various interventions the company has taken.

The implementation of these policies are reviewed periodically by the Board of Directors and updated regularly.

The company has set up a Grievance Redressal Mechanism for all its associates. The Grievance Redressal Mechanism is aimed to redress the grievances of associates expeditiously to ensure good working atmosphere and culture in the organization.

The company has during the year drawn-up a policy on Prevention of Sexual Harassment at Workplace and implemented the same.

CORPORATE GOVERNANCE

Your company driven by a desire to be more competitive and recognized globally, had inculcated more than a decade ago rules defining ethical business, much before it was introduced as statutory compliance through Clause 49 of the Listing Agreement and now Companies Act, 2013.

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

A report on Corporate Governance along with the Practicing Company Secretary's Certificate on its compliance is annexed hereto. Your company is happy to inform you that there were no adverse remarks/qualifications/reservations raised in the Corporate Governance Report.

SUSTAINABILITY REPORT

The company, as a good governance practice, has compiled a Sustainability Report.

A detailed report on the sustainability initiatives taken up by the company is published in the Nagarjuna Sustainability Report. The report is available on the company's website www.nagarjunafertilizers.com

Shareholders interested to have a copy of the report may request for the same.

DIRECTORS

Nominee Directors

IDBI Bank Limited and IFCI Limited, during the year, appointed Mr. Viney Kumar and Mr. V Anish Babu, respectively as their nominees on the Board of the company. Consequent to their appointment, Smt. Medha Joshi and Shri S P Arora, nominations were withdrawn from the Board.

The Board placed on record the valuable contribution made by Smt. Medha Joshi and Shri S P Arora, during their tenure as Directors on the Board.

Mr. N. Sambasiva Rao, Managing Director of KRIBHCO was appointed as Alternate Director to Shri Chandra Pal Singh Yadav with effect from May 29, 2014.

Non-Executive Directors

In accordance with the Articles of Association of the company, Shri Chandra Pal Singh Yadav, retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors recommend his re-appointment for consideration of the shareholders.

Independent Directors

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

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

Executive Directors

Shri K S Raju

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

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

Shri K Rahul Raju

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

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

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

Key Managerial Personnel

There are no changes in relation to other Key Managerial Personnel.

AUDITORS AND AUDIT REPORT

M/s. M Bhaskara Rao & Co., Chartered Accountants, Hyderabad, the company's auditors retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept reappointment and have further confirmed their eligibility under Section 141 of the Companies Act, 2013.

The company's Statutory Auditors have also furnished a certificate from the Peer Review Board of the ICAI confirming that they have undergone the process of peer review.

The Board of Directors in accordance with the provisions of Section 139 of the Companies Act, 2013 and Rules made thereunder recommends their appointment for a term of five years from the conclusion of 8th Annual General Meeting to the conclusion of 13th Annual General Meeting subject to ratification every year for consideration of the shareholders.

COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder the Central Government has directed that the cost accounts maintained by the company be audited by a cost auditor. The Board of Directors of the company has appointed Shri Dantu Mitra, Cost Accountant, as the Cost Auditor of the company for the financial year 2014-15 for the manufactured Fertilizer Products and for the manufactured Micro Irrigation products at a remuneration as fixed by the Board of Directors and reimbursement of out-of-pocket expenses subject to ratification of remuneration by the members of the company.

Accordingly, the remuneration payable to the Cost Auditor is being placed before the members at the 8th Annual General Meeting of the company to be held on September 26, 2014 for approval / ratification.

SECRETARIAL AUDITOR

The Board of Directors at their meeting held on May 29, 2014 pursuant to the provisions of Section 203 of the Companies Act, 2013 has appointed Mr. C S S Krishna, Partner, M/s K B G Associates, Company Secretaries, Hyderabad as the Secretarial Auditor of the Company to undertake Secretarial Audit for the Financial Year 2014-15.

INTERNAL AUDIT

The company has a well established system of Internal Audit which carries out audit on Risk Management framework covering the gamut of financial, marketing, plant operations and other service functions. The company's Internal Audit function has obtained Quality Management System (ISO 9001: 2000) certificate in December 2006 and the same has been confirmed.

A Chief Internal Auditor of the company has been appointed by the Board of Directors, in compliance of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

REGISTRAR AND SHARE TRANSFER AGENTS

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

SUBSIDIARY COMPANIES

There has been no change in relation to any subsidiary, joint venture or associate company, during the year other than in relation to Nagarjuna East Africa Limited.

Accounts of Subsidiaries

The Ministry of Corporate Affairs, New Delhi, vide Circular No.5/12/2007-CL-III dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 from the requirement to attach detailed financial statement of each of the subsidiary of the company.

Pursuant to the said circular, the Board of Directors of the company, gave their consent for not attaching the Balance Sheets of the subsidiary companies to the Annual Accounts of your company.

Accordingly, the balance sheets and other financial statements relating to the following subsidiary companies are not attached to the Annual Accounts of the company.

1. Jaiprakash Engineering and Steel Company Limited (JESCO)
2. Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) (formerly known as Nagarjuna Mauritius Private Limited)
3. Nagarjuna East Africa Limited (NEAL)

A statement of the holding company's interest in the subsidiary companies is enclosed pursuant to Section 212 of the Companies Act, 1956.

Any member seeking information on any of the subsidiary company may request the Company to enable the same to be forwarded.

Performance and financial position of each of the subsidiaries, associates and joint venture companies are included in the consolidated financial statement.

There is no material fact that requires mention on the performance and financial position of the subsidiaries in view of the details given on the subsidiaries below

Jaiprakash Engineering and Steel Company Limited (JESCO)

JESCO is considering implementing various projects to utilize the available land appropriately and gainfully.

Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) (formerly known as Nagarjuna Mauritius Private Limited).

Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) is a wholly owned subsidiary of NFCL with a paid up capital of Euro 5 Million. The company has invested Euro 5 Million in the form of equity and Euro 4.225 Million as loan which has been reinvested in Nagarjuna Spawnt GmbH, Germany.

Nagarjuna Spawnt GmbH, Germany, has set-up a plant for manufacture of silane chemicals and has commissioned production from December 5, 2011.

Nagarjuna East Africa Limited

Nagarjuna East Africa Limited (NEAL), a wholly owned subsidiary of Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) was incorporated in Kenya on October 15, 2010 to market plant nutrients in the initial stages followed by micro-irrigation systems at later stage in Kenya.

In view of non-commencement of operations, NEAL has been dissolved under the directions of Registrar of Companies, Kenya, on an application by the company.

The company does not have any joint ventures with any other company.

AUDIT COMMITTEE CONSTITUTION

In compliance with the provisions of the Section 292A of the Companies Act, 1956 and the listing agreement entered into with the stock exchanges, the company had constituted on July 27, 2011 an Audit Committee consisting of highly qualified and experienced members from various fields.

The Audit Committee was re-constituted and the terms of reference enlarged with effect from May 29, 2014 to bring in line with the provisions of Companies Act, 2013 and the revised Clause 49 of the Listing Agreement. The Chairman of the committee is Dr. N C B Nath, an Independent Director and the committee consists of two Independent Directors and one Whole-time Director. The committee meets periodically to review the quarterly financial statements and recommends its findings to the Board apart from taking action independently whenever required. The Statutory Auditors, Secretary and the Internal and Cost Auditors attend and participate in the Audit Committee Meetings.

The Audit Committee presently comprises of

Dr. N C B Nath	Chairman, Independent Director
Shri S R Ramakrishnan	Member and Independent Director
Shri K S Raju	Member and Chairman
Shri M P Radhakrishnan	Invitee
Shri Viney Kumar	Invitee

CORPORATE SOCIAL RESPONSIBILITY

"A journey of thousand miles starts with a single step."-Laozi.

The Nagarjuna Group always desired to play a proactive role in societal development with an intention to bring positive change in the lives of many. We at the Nagarjuna Group under the aegis of Nagarjuna Foundation started several CSR activities four years ago and continue to support with our initiatives.

An initiative started in 2009 with the spirit of making a difference, has today deepened its roots and is making a bigger impact and changing many more lives.

The dedicated support, strength, initiative and encouragement from the associates of the Group to be part of this initiative gave impetus to the movement.

The company during the year spent a sum of around ₹ 1.40 crores towards the CSR activities.

The report on CSR activities and the CSR Responsibility statement signed by Managing Director and CSR Committee, appears in the **Annexure-I** to this Report.

Your company made contribution in areas of education, sports, healthcare and community welfare under the aegis of Nagarjuna Foundation and during the year proposes to collaborate with various leading organizations, charitable and other funds or trusts.

DISCLOSURES PURSUANT TO COMPANIES ACT, 2013

(i) Disclosure in terms of Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption, earnings and outgo of foreign exchange are attached and forms part as **Annexure-II** to this Report.

(ii) Disclosure in terms of Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 appears as **Annexure-III** (Page No. 42) to this Report.

(iii) Nagarjuna Spawnt, GmbH, an associate company of the company has been under financial stress in view of difficulties in marketing of the high technology product.

(iv) Meetings of the Board

The Board of Directors of the Company had met six times during the year April 1, 2013 to March 31, 2014 and the date of Board Meetings are May 3, 2013, August 8, 2013, September 26, 2013, November 7, 2013, November 29, 2013 and February 6, 2014.

(v) Declaration by Independent Directors

The company has received declarations from Dr. NCB Nath and Shri S R Ramakrishnan to be appointed as Independent Directors of the company at the 8th Annual General Meeting to be held on September 26, 2014 that they fulfill the criteria of 'Independence' as mentioned in Section 149(6), Schedule IV of the Companies Act, 2013 read with relevant Rules made thereunder.

(vi) Development and Implementation of Risk Management Policy

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

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

(vii) Deposits - The company has not accepted any deposits during the year nor are there remaining any unpaid / unclaimed deposits at the end of the year.

(viii) Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

There were no significant orders passed by Regulators or courts or tribunals impacting the going concern status and future company's operations.

(ix) Adequacy of internal financial controls with reference to the Financial Statements.

The company has adequate financial controls in relation to its financial statements.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013.

Your Directors hereby report:

- that in the preparation of Annual Accounts for the year ended March 31, 2014; the applicable accounting standards have been followed.
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2014 and Statement of Profit and Loss for the period ended March 31, 2014.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the Annual Accounts on a going concern basis.
- that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively
- that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Government of India, Government of Andhra Pradesh, Government of Telangana and the financial institutions and company's bankers for their assistance and cooperation.

Further, the company places on record its sincere appreciation for the continuing support and unstinting efforts of investors, dealers and associates and all stakeholders in ensuring an excellent all round operational performance.

By Order of the Board

Hyderabad
July 30, 2014

K S Raju
Chairman

Annexure-I

REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

- a. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken

At Nagarjuna, we believe in philosophy of "SERVING SOCIETY THROUGH INDUSTRY".

We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society.

The Nagarjuna Group under the aegis of Nagarjuna Foundation, a not-for-profit company incorporated under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), with Registered Office at Nagarjuna Hills, Punjagutta, Hyderabad, undertakes various activities under Corporate Social Responsibility.

At Nagarjuna, we define CSR as:

- Conducting affairs of our company in a socially acceptable manner
- Understanding, supporting and developing the communities and the cultures within which we work
- protecting the environment and safety of the people connected with the company and the surroundings.
- enhancing the value of the company through sustainable growth

Our CSR Framework:

Nagarjuna's CSR Framework consists of following four important dimensions:

- Investors and other stakeholders
- Customers
- Employees
- Community

Compliance:

Compliance with this policy is continuously monitored and subject to review by the Company.

In the ensuing year, the major focus will be on development of the Communities located in and around the Plants of the Company with continued support to Investors and other stakeholders, Customers and Employees.

- b. Web-link to the CSR policy and projects or programs : <http://www.nagarjunafertilizers.com/social.htm>

2. The Composition of the CSR Committee :

Dr. NCB Nath	:	Chairman
Shri K S Raju	:	Member
Shri K Rahul Raju	:	Member

3. Average net profit of the company for the last three financial years i.e., 2010-11, 2011-12 and 2012-13 is ₹ 13,190.51 lacs.
4. Prescribed CSR Expenditure for the financial year 2013-14 (two per cent, of the amount as in item 3 above) - ₹ 263.81 lacs.
5. Details of CSR spent during the financial year :

- a. Total amount spent for the financial year : around ₹ 1.40* crores
- b. Amount unspent, if any : NIL

Note : * The provisions for CSR compliance is effective from April 1, 2014 and the actions for CSR activities by the company have been taken earlier pro-actively.

- c. Manner in which the amount spent during the financial year is detailed below :

The CSR activities were undertaken in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports, etc.,

6. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and Policy of the Company :

We, the Members of the Corporate Social Responsibility Committee of the Board of Directors of Nagarjuna Fertilizers and Chemicals Limited confirm and affirm that in accordance with Section 135 of the Companies Act, 2013 and applicable Rules, we complied with the following :

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

Sd/-
K Rahul Raju
Managing Director

Sd/-
Dr NCB Nath
Chairman, CSR Committee

FORM-A

Form for disclosure of particulars with respect to conservation of energy

Urea Production

Particulars	Unit	Year ended	
		31.03.2014	31.03.2013
Power & Fuel Consumption			
1. Electricity			
a) Purchased			
Unit #	1000 KWH	1545.22	1350.02
Total Amount *	₹ Lakhs	188.28	113.57
Rate/ KWH	₹ /KWH	12.18	8.41
b) Own Generation			
Through Gas Turbine Units	1000 KWH	241052.80	250821.80
KWH per SM3 of Gas		5.70	5.74
Cost of gas per Unit of Power generated	₹ /KWH	1.72	1.78
2. Fuel			
(Including Ammonia-fuel, steam & power)			
Quantity - Natural Gas	1000 SM ³	398204.65	431154.98
NG LHV	Kcal/SM ³	8608.56	8653.70
Total Cost	₹ Lakhs	39141.96	44030.70
Rate per Unit of Natural Gas	₹ /1000 SM ³	9829.61	10212.27
Quantity - LSHS	MT	13414.39	-
LSHS LHV	Kcal/kg	9951.02	-
Total Cost	₹ Lakhs	7688.56	-
Rate for Unit of LSHS	₹ /MT	57315.739	-
Total Cost of Renewable Energy Certificates	₹ Lakhs	245.32	255.26

Purchased power mentioned is the consumption for complex Urea production

* This amount is paid towards purchased power to APTRANSCO.

3. Consumption per MT of Urea Production (including Ammonia - fuel, steam & power)

Particulars	Unit	Standard	Year ended 31.03.2014	Year ended 31.03.2013
Electricity (Incl. Internal Generation) **	KWH	132.80	169.88	161.05
LSHS (At actual calorific value)	Kg	Nil	9.39	
Natural Gas (Fuel) at 8168 Kcal/SM ³	SM ³	334	293.88	291.73
Urea Production	MT		1428062	1565802
"Overall Sp.energy Consumption	MMKcal/MT Urea		5.734	5.600

** Against the design intention of running the units in steam intensive mode ,the units are being run in electric power intensive mode to optimize these networks and lower the specific energy. This is reflected in high specific power consumption and lower specific steam consumption.

FORM-A

Form for disclosure of particulars with respect to conservation of energy

CF KKD PLANT

Particulars	Unit	Year ended		
		31.03.2014	31.03.2013	
Power & Fuel Consumption				
1. Electricity				
Purchased				
Units	1000 KWH	822.98	809.38	
Total Amount *	₹ Lakhs	100.28	68.09	
Rate/ KWH	₹ /KWH	12.18	8.41	
2. Consumption per MT of CF Production				
Particulars	Unit	Standard	Year ended 31.03.2014	Year ended 31.03.2013
Electricity	KWH	101.14	36.31	83.09
CF Production	MT		22665.9	9740.60
"Overall Sp.energy Consumption	MMKcal/MT CF	0.289	0.104	0.238

* This amount is paid towards purchased power to APTRANSCO.

I. Micro Irrigation - I (Nacharam)

Particulars	Unit	Year ended 31.03.2014	Year ended 31.03.2013
Electricity			
a) Purchased	1000 KWH	2574.12	2221.84
Total Amount	₹ in Lac	233.72	158.93
Rate/KWH	₹ /KWH	9.08	7.15
b) Own Generation			
Diesel	1000 KWH	275.36	776.15
Total Cost	₹ In Lac	39.48	107.71
Rate per Unit	Cost of diesel per unit of power generation	14.34	14.88

II. Micro Irrigation - II (Sadashivpet)

Particulars	Unit	Year ended 31.03.2014	Year ended 31.03.2013
Electricity			
a) Purchased	1000 KWH	1337.86	919.49
Total Amount	₹ in Lac	109.22	73.17
Rate/KWH	₹ /KWH	8.16	7.96
b) Own Generation			
Diesel	1000 KWH	481.71	660
Total Cost	₹ In Lac	78.71	99.07
Rate per Unit	Cost of diesel per unit of power generation	16.34	15.01

III. Micro Irrigation - III (Halol)

Particulars	Unit	Year ended 31.03.2014	Year ended 31.03.2013
Electricity			
a) Purchased	1000 KWH	1825.07	1585.89
Total Amount	₹ in Lac	118.56	93.59
Rate/KWH	₹ /KWH	6.50	5.90
b) Own Generation			
Diesel	1000 KWH	71.32	21.35
Total Cost	₹ In Lac	9.32	3.75
Rate per Unit	Cost of diesel per unit of power generation	13.07	17.56

Consumption per meter of Lateral - Micro Irrigation - I (Nacharam)

Particulars	Unit	Year ended 31.03.2014	Year ended 31.03.2013
Electricity			
(incl. Internal Generation)	kwh / mtr	0.0258	0.0330

Consumption per meter of PVC Pipes - Micro Irrigation - II (Sadashivpet)

Particulars	Unit	Year ended 31.03.2014	Year ended 31.03.2013
Electricity			
(incl. Internal Generation)	kwh / mtr	0.307	0.288

Consumption per meter of Laterals - Micro Irrigation - III (Halol)

Particulars	Unit	Year ended 31.03.2014	Year ended 31.03.2013
Electricity			
(incl. Internal Generation)	kwh / mtr	0.0299	0.0204

FORM-B (2013-14)

Form for disclosure of particulars with respect to technology absorption

A. Research and Development (R&D):

1) Specific areas in which R&D was carried out by the Company:

a) Production Facility at Kakinada:

There is no separate R&D department at NFCL, Kakinada. However, the Engineers engaged in Technical Services, Production, General Engineering and Maintenance Departments undertake activities which are aimed at improvements in the following areas:

- i. Energy Conservation.
- ii. Capacity Enhancement.
- iii. Environmental Protection.
- iv. Process and Personnel Safety.
- v. Enhancement of Plant Reliability.
- vi. Rain Water Harvesting for Conserving Raw Water Intake.
- vii. Exploration for Usage of Renewable Energy Sources like Solar, etc.

b) Production Facility at MI and PVC Plants:

- Introduced new sources of raw materials like Qamar and Exxon for LLDPE and Cabot grade for Carbon Black Master Batch to reduce the dependency and cost.
- Easy drip line re-arrangement carried out for effective space utilization.
- Optimized Plain Lateral production capacity by de-bottlenecking of process and reduced standard weights.
- Developed tools for 32 mm PIPE successfully to reduce Job setting time.
- Doubled the capacity of PVC plant by installing new High output PVC production line during March 2014.
- Re-designed HDPE couplers to optimize the cost.
- Commissioned hired Injection molding machine at Halol plant to manufacture HDPE couplers.
- Excelled productivity of super line, Eco line and PVC plant during the year

2) Benefits derived as a result of the above efforts :

a) Production Facility at Kakinada:

The improvements achieved in the areas of Production Performance, Treated Effluent Generation, Environmental Protection, Process & Personnel Safety are given below:

- i. Complex Achieved lowest Specific Effluent Generation of 0.614 m³ / MT of Urea surpassing the previous best of 0.66 m³ / MT of Urea achieved during 2012-13
- ii. With respect to accident free man-hours for associates, achieved 1.738 Million (equivalent to 365 days) during 2013-14.
- iii. 10 million accident free man hours achieved for associates and contractors on 17th Mar 2014.
- iv. Neem Coating facilities were successfully commissioned on 23rd July 2013. During the Year 3,43,068 MT Neem coating Urea was produced and same was dispatched
- v. Replacement of Ammonia-I Backend Boiler and Urea-I Carbamate Condenser resulted in improvement of reliability. However, plants were operated on low load due to shortage of Natural Gas.

AWARDS RECEIVED:

- 1) **Best Management Award:** Andhra Pradesh Government has presented this Award for maintaining excellent Industrial Relations and for effective implementation of Employee Welfare activities.
- 2) **ICC Award:** NFCL won "Certificate of Merit" for "Excellence in Management of Health, Safety & Environment" for the year 2012, under Category of Companies with Annual Sales Revenue more than ₹ 500 Crores.
- 3) **Certificate of Appreciation:** NFCL received "Certificate of Appreciation" in recognition of appreciable achievement in Occupational Safety & 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.
- 4) **FAI Award:** NFCL, Kakinada has won the prestigious Fertilizer Association of India's "Environment Protection Award 2013" Runner-Up for a Nitrogenous Fertiliser Plant Category.

b) Production Facility at MI and PVC Plants:

- Achieved Highest Gross Revenue of ₹ 216 Cr.
- Achieved Highest Production of 1796 Lac Meters.
- Highest production of Easy Drip 228 lac Mtrs with 27% growth.
- Highest production of Plain Laterals, 183 Lac Mtrs with 34% growth.
- Highest production of HDPE Pipes, 20 Lac mtrs with 18% growth.
- Highest Annual production of PVC Pipes, 59 Lac mtrs with 7% growth.
- Re-certification audit of ISO 9001:2008 carried out successfully at all MI plants during the year.

Expansion / Developments:

- Commissioned new PVC pipe production line at PVC Plant at Nandikandi, successfully.
- Commissioned hired Injection molding machine at Halol plant to manufacture HDPE couplers.
- Developed molds for HDPE couplers successfully to manufacture couplers In-house at Nacharam and Halol plants.
- Output of PVC 01 and 02 lines increased by changing screw and barrels.
- Developed new poly fittings as per market requirements.
- Introduced new cost effective UV stabilized film to improve the shelf life.
- Introduced new PP strap packing for better stacking of Easy drip and plain laterals.

3) Future Plan of Action:

a) Production Facility at Kakinada:

The following action plan has been made to improve Production, Plant Reliability, Specific Energy Consumption & in the EHS areas as mentioned below:

- o Installation of Vortex Mixer in Urea-II Reactor
- o Upgradation of Carbamate Condenser (EE-105) in Urea-II
- o Upgradation of Stripper (EE-101) in Urea-II
- o Upgradation of Backend Boiler (EE-501) in Ammonia-II

- o Upgradation of Tube Bundle in GV Re-boiler (EE-301 A/B) in Ammonia-II
- o Upgradation of Refrigeration Ammonia Condenser (EE-510C) in Ammonia-II
- o Upgradation of Combustion Air Pre-heater (EE-204) in Ammonia-II
- o Upgradation of Ammonia-II & Urea-II DCS & SDS system.
- o Upgradation of Ammonia-II Secondary Reformer Air gun.
- o Installation of VFDs (Variable Frequency Drives) for identified pumps.
- o Upgradation of PGRU Cold Box Exchanger (E-554 B) in Ammonia-I

b) Production Facility at MI and PVC Plants:

To set up LIN (Non PC) Driller manufacturing facility at Nacharam and Halol Plants in a phased manner.

To set up Filter manufacturing facility at Halol Plant.

4) Research and Development (R&D):

I. Specific areas in which R&D was carried out by the Company:

At present the company has a prominent presence in the area of Plant Nutrition and to further increase its business, the targeted focus areas for R&D programs for new products/ processes development are :

- Fertilizer use efficiencies (Macro and Micronutrients),
- Effective and Green chelating agent,
- Organic Fertilizer,
- Organic supplements,
- Biopolymer

II. Benefits derived as a result of the above efforts:

a) Plant Nutrition Business

The new products and processes developed will provide a sustainable competitive advantage and better market share thereby propelling the business growth.

b) Green Chemicals

Development of economical, renewable and sustainable chemicals such as fuels and feedstocks, rare sugars , carbon fibers etc will open up new business opportunities.

III. Future Plan of Action

In the areas of Plant Nutrition as well as Green chemical areas, company has planned to bring some of the products from Proof

of Concept (POC) to Proof of Value (POV) stage as well as it will continue its efforts to establish further Proof of Concept in other emerging areas.

IV. Expenditure on R&D

A separate record of the expenditure incurred in R&D is maintained for the R&D division.

B. Technology Absorption, Adaptation and Innovation:

- 1) Efforts, in brief, made towards technology absorption, adaptation and Innovation:

a) Production Facility at Kakinada:

Installation of JSC NIIK Vortex Mixer in Urea-II Reactor: This scheme will be implemented during PTA 2014. NFCL would be the first Fertilizer Industry in India to adopt this technology

b) Production Facility at MI and PVC Plants:

- i. Refurbishment of PVC - 01 line carried out by changing the Screw and Barrel at PVC Plant.
- ii. Refurbishment of PVC - 02 line carried out by changing the Screw and Barrel at PVC Plant.

- 2) Benefits derived as a result of the above efforts, example Product Improvement, Cost Reduction, Product Development Import Substitution etc.

a) Production Facility at Kakinada:

Installation of Vortex Mixer in Urea-II Reactor will improve conversion thereby result in energy savings.

b) Production Facility at MI and PVC Plants:

- Rated as top class 'QUALITY PRODUCT' supplier.
- Continued the process of re-granulation and consumed 100% process scrap.
- Fine tuned the standard weights of regular products to reduce the input costs.
- Improved the efficiency of production lines.

- 3) In case of import technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

a) Production Facility at Kakinada:

NFCL had installed 450 MTPD CDR (Carbon Dioxide Recovery) Plant in March 2009 under the License of M/s Mitsubishi Heavy Industries (MHI), Japan. M/s MHI had been the Technology Supplier & Basic Engineering Contractor for this Project. The plant performance is satisfactory.

b) Production Facility at MI and PVC Plants:

Not Applicable

Form C

Particulars of Foreign Exchange Earnings and outgoings for the year 2013-14

- A. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plans: NIL

	₹ in lacs
B. 1. Foreign Exchange Outgo:	
a) Technical know-how (net of Tax)	Nil
b) Interest	2,405.30
c) Dividend (net of taxes)	
i. Equity	Nil
ii. Preference	Nil
d) Others	1,181.75
2. Foreign Exchange earnings	793.90

Particulars of Subsidiaries as at March 31, 2014 in terms of Circular No:5/12/2007-CL-III dt February 8, 2011, General Circular 2/2011 issued by the Government of India, Ministry of Corporate Affairs Section 212(8) of the Companies Act, 1956

₹ in Lakhs

S.No.	Particulars	Name of the Subsidiary Company	
		Jaiprakash Engineering and Steel Company Limited	Nagarjuna Industrial Services and Investments Private Limited (formerly Nagarjuna Mauritius Private Limited)
a.	Capital	2,259.72	3,037.50
	Share application money	-	-
b.	Reserves	2.85	2,112.75
c.	Total Assets		
	Fixed Assets (incl. CWIP)	28.83	-
	Expenditure Pending Allocation	-	-
	Current Assets, Loans & Advances	1,813.67	8,642.53
	Miscellaneous Expenditure	-	-
	(to the extent not written off or adjusted)		
	Profit and Loss Account - Debit balance	455.82	-
d.	Total Liabilities		
	Loans Secured / Unsecured	-	3,488.86
	Current Liabilities and Provisions	35.76	7.22
e.	Details of Investment	-	3.79
	(except in case of investment in subsidiaries)		
f.	Turnover / Other Income	1.26	377.06
g.	Profit / (Loss) before taxation	(1.57)	367.43
h.	Provision for taxation	-	11.02
	(on prior years)		
i.	Profit / (Loss) after taxation	(1.57)	356.41
j.	Proposed dividend	-	-

* Exchange rate as on 31.03.2014 - Euro = Rs 82.5765

M Bhaskara Rao & Co.
Chartered Accountants
Sd/-
Partner

for NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED
Sd/-
M. Ramakanth
Secretary

Hyderabad
May 29, 2014

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company' s interest in Subsidiary Companies as at 31st March,2014

S.No.	Particulars	Name of the Subsidiary Company	
		Jaiprakash Engineering and Steel Company Ltd.	Nagarjuna Industrial Services and Investments Private Limited (formerly Nagarjuna Mauritius Private Limited)
1	The financial year of the subsidiary Companies ended on	31st March, 2014	31st March, 2014
2	a) Number of shares held by Nagarjuna Fertilizers and Chemicals Ltd with its nominees in the subsidiaries at the end of financial year of the Subsidiary Companies	225,61,693 Equity Shares of face Value of ₹ 10/- each fully paid-up	50000 Equity Shares of face Value of Euro 100/- each fully paid-up
	b) Extent of interest of holding company at the end of the financial year of the Subsidiary Companies	99.84%	100.00%
3	The net aggregate amount of the subsidiary companies Profit/Loss so far as it concerns the members of the holding company.		
	a) Not dealt with in the holding company's accounts		
	i) For the financial year ended 31st March, 2014	Rs lakhs (1.57)	Rs lakhs 356.41
	ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	---	---
	b) Dealt with in the holding Company's accounts		
	i) For the financial year ended 31st March, 2014	---	---
	ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries	---	---

for NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED
Sd/-
M. Ramakanth
Secretary

Hyderabad
May 29, 2014

Corporate Governance Report

FOR THE YEAR 2013 - 2014

(Annexure IV to the Directors' Report)

A. COMPANY'S PHILOSOPHY

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

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

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

Vision

'To be global leaders in plant nutrition'

with a Mission

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

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

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

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

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

GOVERNANCE PHILOSOPHY

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

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

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

- iii) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the company.
- iv) Perceiving and mitigating the various risks that impact the company.
- v) Make timely and transparent disclosures.
- vi) Legal and statutory compliances.

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

CORPORATE ETHICS

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

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

The effective implementation of these Codes/policies underpins the commitment to uphold highest principles of Corporate Governance consistent with the company's goal to enhance stakeholder value. These Codes/policies are briefly described in the report.

DATE OF REPORT

The information provided in the Corporate Governance report for the purpose of unanimity is as on March 31, 2014.

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

B. BOARD OF DIRECTORS

ROLE OF BOARD OF DIRECTORS

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

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

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

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

PECUNIARY RELATIONSHIP

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

COMPOSITION

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

comprise Independent Directors.

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

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

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

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

DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD

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

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

Director	DIN No	Attendance Particulars			Committees of Board of NFCL	No. of Board, Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt. Sec 25 Companies(Sec.8 of Companies Act, 2013) etc			
		Board Meetings		Attended Last AGM held on November 29, 2013		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
NON EXECUTIVE									
Shri Chandra Pal Singh Yadav	00023382	6	2	No	NIL	5	12	3	2
INDEPENDENT & NON EXECUTIVE									
Dr. N. C. B Nath	00026509	6	6	Yes	• Audit • Remuneration • Investor Grievance • Management	-	1	3	1
Shri M. P. Radhakrishnan	00129222	6	6	Yes	• Audit • Management • Investor Grievance • Investment • Remuneration	-	-	-	-
Shri S. R. Ramakrishnan	00015839	6	5	No	• Audit • Remuneration • Management	1	2	2	6
Smt Medha Joshi*	00328174	6	5	No	• Audit • Investor Grievance • Management	-	-	-	-
Shri S. P. Arora **	00061420	6	4	No	NIL	-	11	-	1
Shri Yogesh Rastogi	01162334	6	5	No	NIL	-	1	-	1
Shri Anish Babu Venugopal@	02830575	-	-	-	NIL	-	-	-	-
Shri Viney Kumar #	00191129	-	-	-	NIL	-	2	-	-
EXECUTIVE DIRECTORS									
Shri K. S. Raju	00008177	6	6	Yes	• Audit • Management • Shares & Debentures • Banking • Investment	6	9	10	6
Shri K. Rahul Raju	00015990	6	6	Yes	• Shares & Debentures • Banking • Audit • Management • Investment	-	12	2	5

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

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

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

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

BOARD AGENDA AND MINUTES

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

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

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

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

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

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

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

INFORMATION TO THE BOARD

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

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

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

REVIEW OF LEGAL COMPLIANCE REPORTS

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

REMUNERATION TO DIRECTORS

Remuneration to Non-Executive Directors/Independent Directors

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

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

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

* Paid to IFCL Limited ** Paid to ICICI Bank Limited

*** Paid to IDBI Bank Limited # Excludes Sertice Tax

Remuneration to Executive Directors

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

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

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

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

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

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

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

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

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

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

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

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

APPOINTMENT OF THE DIRECTORS

Non-executive Director

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

Executive Directors

Shri K S Raju

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

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

Shri K Rahul Raju

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

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

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

Independent Directors

Dr N C B Nath and Shri S R Ramakrishnan

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

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

The table below lists the Directors being appointed

Non-Executive Directors

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Shri Chandra Pal Singh Yadav	March 19, 1959	-	MSC, B.Ed, LLB	- Nagarjuna Oil Refinery Limited - Krishak Bharati Co-operative Limited - KRIBHCO Shyam Fertilizers Limited - National Coop. Union of India - Kribhco Infrastructure Ltd. - Continental Multimodal Terminals Ltd. - Gujarat State Energy Generation Limited - Bundelkhand Krishi Utpadan Vipanan Sehkari Samiti - National Agricultural Cooperative Marketing Federation (NAFED) - Co-operative Bank of India - Krishi Utpadan Evan Vipnan Sahakari Samiti - Gramin Vikas Trust (GVT) - Kribhco Gramin Vikas Sanstha - Kisan Bahudesiya Sehkari Samiti Ltd. - The Anupama Coop. Veg. & Fruit Growers Mktg. Society Ltd. - National Coop. Consumer Federation of India Ltd. (NCCF) - National Federation of Urban Coop. Banks & Credit Societies (NAFCUB) - General Council of NCDC - National Film & Fine Arts Coop. Ltd. (NAFFAC)	- Krishak Bharathi Co.op. Limited - Executive Committee - Audit Committee - Sub-committee on Marketing - National Cooperative Union of India - Executive Committee - National Agricultural Cooperative Marketing Federation - Executive Committee - Kribhco Shyam Fertilizers Limited - Remuneration Committee - Audit & Finance Committee

Independent Directors

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Dr N C B Nath	February 17, 1930	August 1, 2011	PhD (Economics), LLB	- Nagarjuna Oil Refinery Limited	- Nagarjuna Oil Refinery Limited - Audit Committee - Stakeholders Relationship Committee - Management Committee - Nomination and Remuneration Committee
Shri S R Rama krishnan	February 4, 1935	August 1, 2011	B.E (Mech) Hons	- Nagarjuna Oil Refinery Limited - Shriram EPC Limited - Nagarjuna Oil Corporation Limited	- Nagarjuna Oil Refinery Limited - Management Committee - Audit Committee - Nomination and Remuneration Committee

Executive Directors

Name of the Directors	Date of Birth	Last reappointment Date	Qualification & Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Shri K S Raju	June 29, 1950	August 1, 2011	B.E.	- Nagarjuna Oil Refinery Limited - Nagarjuna Oil Corporation Limited - Jaiprakash Engineering and Steel Company Limited - Bhagiradha Chemicals and Industries Limited - Nagarjuna Agrichem Limited	Nagarjuna Oil Corporation Limited - Project Management Committee - Audit Committee - Banking Committee - Remuneration Committee - Shares Allotment & Transfer Committee Jaiprakash Engineering and Steel Company Limited - Remuneration Committee Nagarjuna Oil Refinery Limited - Audit Committee - Stakeholders Relationship Committee - Management Committee - Shares and Debentures Committee - Banking Committee - Investment Committee
Shri K Rahul Raju	August 31, 1976	August 1, 2011	B.Com (Hons)	- Nagarjuna Oil Refinery Limited - Nagarjuna Oil Corporation Limited - The Fertilizer Association of India	Nagarjuna Oil Refinery Limited - Stakeholders Relationship Committee - Management Committee - Shares and Debentures Committee - Banking Committee - Investment Committee

RETIREMENT POLICY OF THE DIRECTORS

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

RESPONSIBILITIES OF THE DIRECTORS

Responsibilities of the Board

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

Responsibilities of the Chairman and Managing Director

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

SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS

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

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

CODE OF CONDUCT AND ETHICS

The company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code was circulated to all the members of the Board and Senior Management and the same has been put on the company's website www.nagarjunafertilizers.com.

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

LEAD INDEPENDENT DIRECTOR

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

TRAINING FOR THE BOARD MEMBERS

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

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

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

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

COMMITTEES TO THE BOARD

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

The Committees constituted by the Board as on date are:

1. SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee comprises of:

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

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

The quorum is two members present in person.

Terms of reference:

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

2. INVESTOR GRIEVANCES COMMITTEE

The Committee met four times during 2013-14.

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

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

✓ - Present, ✗ - Absent

The quorum is two members present in person.

Terms of reference:

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

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

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

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

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

Terms of reference:

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

4. MANAGEMENT COMMITTEE

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

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

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

✓ - Present, ✗ - Absent

The quorum is two members present in person.

Terms of reference:

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

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

5. AUDIT COMMITTEE

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

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

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

✓ - Present, X - Absent

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

The quorum is two independent members present in person.

Terms of reference:

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

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

Note:

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

The Audit Committee has been reconstituted as under:

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

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

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

Terms of Reference

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

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

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

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

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

Hyderabad
July 30, 2014

Sd/-
Chairman, Audit Committee

6. BANKING COMMITTEE

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

The Banking Committee comprises of

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

The quorum is two members present in person.

Terms of reference:

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

7. INVESTMENT COMMITTEE

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

The Investment Committee comprises:

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

The quorum is two members present in person.

Terms of reference:

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

8. REMUNERATION COMMITTEE

The Committee was constituted on April 02, 2011

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

The Committee comprises of :

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

✓ - Present, ✗ - Absent

The quorum is two members present in person.

Terms of reference:

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

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

9. NOMINATION AND REMUNERATION COMMITTEE

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

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

Terms of Reference:

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

10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee was constituted on March 14, 2014.

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

The Committee comprises of :

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

The quorum is two members present in person.

The terms of reference :-

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

11. RISK MANAGEMENT COMMITTEE

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

The members of the committee are:

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

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

The terms of reference of the Committee are as follows:

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

REMUNERATION POLICY:

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

RISK ASSESSMENT AND MINIMISATION PROCEDURE

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

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

C. MANAGEMENT

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

All these policies, procedures and practices are elaborated hereunder:

a. Policy on Corporate Governance

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

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

b. Policy on Corporate Social Responsibility (CSR)

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

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

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

c. Policy on Vendor's Grievances

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

d. Policy on Supply Chain

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

e. Prohibition of Insider Trading

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

f. Policy on Succession Planning

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

g. Policy on Employee Participation in Management (EPM)

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

h. Whistle Blower Policy

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

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

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

i. Legal Compliance Policy

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

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

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

j. Policy on Conflict Management

The company adopted a Policy on Conflict Management, which

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

k. Policy on Training for Board of Directors

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

l. Policy on Induction of Directors

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

m. Board Charter

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

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

n. Forex Risk Management Policy

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

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

o. Policy on Corporate Sustainability

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

p. Policy on Sexual Harassment at workplace

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

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

q. Policy on Related Party Transactions

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

MANAGEMENT DISCLOSURES

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

D. STAKEHOLDERS

DISSEMINATION OF INFORMATION

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

The quarterly and annual results of the company are sent to the stock exchanges immediately after they are approved by the Board of Directors and published in widely circulated English newspapers like The Hindu and Business Line and in vernacular newspapers like Eenadu.

Quarterly results sent electronically

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

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

CorpFiling/NEAPS facility

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

Investor Grievance Redressal

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

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

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

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

SHARE TRANSFER SYSTEM

The company's transfer of shares is fully computerized.

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

E-voting

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

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

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

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

Compliance Officer

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

Share Transfer Agents

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

Nomination facility

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

Dematerialization of shares and liquidity

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

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

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

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

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

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

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

RECONCILIATION OF SHARE CAPITAL AUDIT

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

DISTRIBUTION OF SHAREHOLDING

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

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

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

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

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

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

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

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

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

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

LIST OF PROMOTER COMPANIES OF THE NAGARJUNA GROUP

Core Promoters

1. Nagarjuna Corporation Limited

Co-Promoters

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

RESTRUCTURING

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

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

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

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

The company has been persistently following up with Securities and

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

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

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

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

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

GENERAL BODY MEETINGS

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

Shri K S Raju, Chairman, chaired the meeting.

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

LAST THREE ANNUAL / EXTRA-ORDINARY GENERAL MEETINGS

NO. OF AGM & FY	DATE & TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
ANNUAL GENERAL MEETINGS			
5th AGM 2010-11	July 12, 2011 at 2. 30 pm	A/612, Dalamal Towers, 211, Nariman Point, Mumbai-400021	- Appointment of M/s M Bhaskara Rao & Co, Chartered Accountants, Hyderabad as a Statutory Auditors in place of M/s M Anandam & Co - Appointment of Shri K. S. Raju as a Director and Chairman for a period of 3 years with effect from August 1, 2011 and payment of Remuneration in accordance with Schedule XIII and other provisions of the Companies Act, 1956. - Appointment of Shri K. Rahul Raju as a Managing Director for a period of 3 years with effect from August 1, 2011 and Remuneration in accordance with Schedule XIII and other provisions of the Companies Act, 1956. - Alteration of Objects Clause - Investment in Nagarjuna Fertilizers and Chemicals Nigeria Ltd under Section 372A of the Companies Act, 1956. - Furnishing a guarantee to the financial institutions and banks under Section 372A of the Companies Act, 1956. - Alteration of Articles of Association as per Section 31 of the Companies Act, 1956. - Shifting of Registered Office from state of Maharashtra to state of Andhra Pradesh as per section 17 of the Companies Act, 1956.

NO. OF AGM & F.Y	DATE & TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
6th AGM 2011-2012	August 31, 2012 at 11.30 a.m	Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	- Increase in remuneration of Shri K S Raju, Chairman of the company. - Increase in remuneration of Shri K Rahul Raju, Managing Director of the company.
7th AGM 2012-2013	November 29, 2013 at 09.00 a.m	Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	- Alteration of Articles of Association by inserting provision relating to Buy Back of Shares of the company. - Alteration of Articles of Association by substituting existing Article 136 with the new provision. - Alteration of Articles of Association relating to Authorized Share Capital of the company by substituting the existing Article 5(1) with the new provision relating to the increase in authorised share capital of the company.
EXTRA ORDINARY GENERAL MEETINGS			
EGM 2011-12	February 25, 2011 at 02.30 PM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	- Cancellation of existing capital of ₹ 5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme - Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956. - Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.
EGM 2011-12	August 19, 2011 at 09.00AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	- Change of Name of the Company from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited as per Section 21 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai - Alteration of Articles of Association of the Company pursuant to the provisions of Section 31 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai
EGM 2011-12	September 12, 2011 at 9.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	- Alteration of Articles of Association as per Section 31 of the Companies Act, 1956. - Contribution of sum not exceeding ₹ 1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956

DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS

The company has not raised any funds from the public

The company has not issued any GDRs/ADRs.

MONEYS REMAINING UNCLAIMED WITH THE COMPANY

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

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

DISCLOSURES

Compliance with mandatory requirements of the Listing Agreement

a. Related party transactions:

Names of related parties and description of relationship.

Subsidiaries

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

Step down Subsidiaries

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

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

Associates

- Nagarjuna Agricultural Research and Development Institute

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

Associate to Subsidiary

Nagarjuna Spawnt Gmbh

Key Managerial Personnel

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

Relatives of Key Managerial Personnel

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

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

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

Enterprises significantly influenced by Key Managerial personnel or their relatives

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

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

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

Note: Figures in brackets represent previous year transactions

b. Disclosure of accounting treatment

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

c. Proceeds from the preferential issue of warrants

Not applicable

d. Certifications:

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

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

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

Compliance with Mandatory Requirements of Clause 49

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

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

The table shows the Compliance Report status

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

COMPLIANCE/NON-ADOPTION OF NON-MANDATORY REQUIREMENTS

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

OTHER COMPLIANCES

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

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

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

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

Secretarial Audit Report

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

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

GENERAL SHAREHOLDERS INFORMATION

8th Annual General Meeting Day, Date, Time and Venue	Friday, September 26, 2014 at 10 AM Sri Satya Sai Nigamagaram, Srinagar Colony, Hyderabad
Dates of Book Closure	September 12, 2014 to September 26, 2014 (both days inclusive)
Registered Office	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
Plant Location	The Company has two urea and one customised fertiliser plants located at Kakinada in Andhra Pradesh and micro-irrigation system manufacturing facilities at Nacharam and Sadashivpet in Telangana and Halol in Gujarat
Compliance Officer	Shri M Ramakanth, Vice President - Legal & Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
Share Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills Hyderabad - 500 082 Telangana, India Tel: +91-40-23358405 Email: Investors@nagarjunagroup.com
Dividend history for the last five years	The Company has declared a dividend of ₹ 1/- per share to the equity shareholders of the Company for the year ended March 31, 2012. No dividend was declared in the years 2012-13 and 2013-14.
Tentative dates for considering financial results	Quarter ending June 30, 2014 - 3rd week of July 2014 Quarter ending September 30, 2014 - 3rd week of October 2014 Quarter ending December 31, 2014 - 3rd week of January 2015 For the year ending March 31, 2015 - 4th week of April 2015
Listing on stock exchanges	The Bombay Stock Exchange, Corporate Relationship Department, 1st Floor, New Trading Ring, Routunda Building PJ Towers, Dalal Street, Fort Mumbai - 400 001. National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051
Listing fee	The Company has paid the initial listing fees to The Bombay Stock Exchange, Mumbai and The National Stock Exchange of India Limited, Mumbai.
ISIN No	INE454M01024 for NSDL and CDSL.
CIN No.	U24129AP2006PLC076238

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

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

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

K Rahul Raju
Managing Director

Sudhir Bhansali
Chief Financial Officer

Hyderabad
July 30, 2014

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

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

We confirm that the Company has in respect of the financial year ended March 31, 2014 received from all the Members of the Board of Directors and all the Senior Management Personnel of the Company a declaration of compliance with the Code of Conduct and Ethics as applicable to them.

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

M Ramakanth
Vice President - Legal & Secretary

K Rahul Raju
Managing Director

Hyderabad
July 30, 2014

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Nagarjuna Fertilizers and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Nagarjuna Fertilizers and Chemicals Limited for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

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

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

For KBG ASSOCIATES
Company Secretaries
(Srikrishna S Chintalapati)
Partner
CP # 6262

Hyderabad
July 17, 2014

Management Discussion Analysis

The Indian Economic Scenario

The year 2013-14 has been a challenging year for the Indian economy in general and the Indian Industry in particular which has been plagued by high inflation, high interest rates, sluggish economy and depressed demand resulting in a lower GDP.

The new government at the centre has raised high expectations with a decisive mandate given by the electorate. The government has to fulfill its commitments in various areas which includes reigning in inflation, revive the sluggish economy and fiscal consolidation.

The initial deficient rainfall in vast parts of the country coupled with increasing crude oil prices and inheritance of a sluggish economy has made the task difficult for the new government.

The Budget for the year 2014-15 announced by the finance minister has been received with cautious optimism. The government hopes to put the economy on the growth track with fiscal deficit pegged at 4.1% and estimated GDP growth rate at 5.4% to 5.9% for the year 2014-15 with higher outlays on sectors like infrastructure, agriculture, rail, ports, gas pipelines and waterways, FDI hike to 49% in defence and insurance, tax sops to the salaried class.

Financing has also been made easier with relaxation of the CRR/SLR norms. Dilution of government stake in the PSU banks while retaining majority control and granting at the same time autonomy to the banks is also a welcome measures. It is also expected that the long pending act on uniform Goods and Services Tax may be approved soon by the end of this year.

The need of the hour is to attract long term finance for infrastructure projects from a wide range of domestic as well as foreign investors rather than depend on the domestic banking system and the new government has initiated action in this regard.

It is expected that the government would rationalize the food and fuel subsidy very soon.

Agriculture sector

Late revival of the monsoons in most areas of the country has lessened the percentage of deficient rainfall and it is to be hoped that the new government faces the challenge of curtailing the impact of deficient rainfall on agricultural productivity and consumer demands on essential farm products and at the same time control inflation on essential food items. The onset of the monsoon has raised hopes of high food production. The revision of minimum support prices for various kharif crops is a welcome measures.

The government aims to focus on achieving a 4% growth per year in agricultures. It has set itself a farm credit target of ₹ 8 trillion for the year 2014-15 and proposes a long term rural credit fund with initial corpus of ₹ 50 billion.

It is expected that the government would in the coming months give more fillip to this vital sector

Fertilizer Sector

The high subsidy burden for the government along with the rising cost of production of domestic urea will make the situation difficult for the sector if the gas price revision takes place

The enhanced allocation of urea subsidy in the Union Budget for 2014-15 would reduce the gap between budgeted and actual subsidy witnessed during past few years. Urea comprises 59% of the total

fertilizer consumption in India based on volumes. The increase in subsidy for urea would aid all the stakeholders of urea but the enhanced provision would not be sufficient to wipe out subsidy arrears.

The government is expected to provide incentives for balanced use of fertilizers to reduce urea consumption and encourage soil preservation. It is expected that a new urea policy may be on the anvil. The fertilizer subsidy bill has been forecast at ₹ 729.7 billion for the year 2014-15.

The demand for fertilizers may get a new lease of life in view of the new credit initiatives announced in the recent budget and this will lead to easier availability of credit. Farmers may be encouraged to use complex fertilizers in addition to urea.

The shortfall in the availability of Natural Gas has resulted in production being curtailed leading to increased cost of manufacture due to higher energy consumption. This shortfall has led to more consumers looking at the same source causing shortfall in supply. There is a need to debate and relook at the policy on Natural Gas and prioritise the Fertilizer Sector.

Company's strengths and opportunities

Your 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

Your company's main product continues to be under the regulatory regime and this continues to affect your company adversely. Increase in gas price and adequate availability of gas is also another major concern that may effect the profitability of the company.

Outlook/ Future plans

Your 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.

In view of the uncertainty of government policy and increase in gas prices and its availability, it is necessary for your company to not depend only on one product alone and in this regard is exploring various opportunities to broad base its products so as to augment its income. Your company in addition to urea and micro irrigation systems is already making its presence felt in area of speciality fertilizers and customized fertilizers through its wide dealer network throughout India.

Internal control and Risk management

Your 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 marketing offices. The system provides for close monitoring of the various statutory compliances and proper checks and balances are built in into the system.

Financial performance vis a vis Operational Performance

Operational performance :

a. Urea

Your company during the year manufactured 14.28 LMT of urea as against 15.66 LMT in the previous year.

The reduction in the production during the year compared to previous year was due to shortage of supply of natural gas to the company.

Your company achieved a sale of manufactured urea of 14.60 LMT compared to 15.55 LMT in the previous year.

The total urea sales for both manufactured and imported was 31.44 LMT compared to 33.39 LMT of previous year.

b. Micro Irrigation systems

Your company achieved a production of 1796 Lakh Mtrs against of 1752 Lakh Mtrs during the previous year.

c. Other Traded Products

Bulk Products

Your company sold 1,38,233 MTS during the year, in comparison with sales of 7,02,136 MTS during the previous year.

Specialty Fertilizers

Your company sold 11,239 MTS during the year, in comparison with sales of 12,853 MTS during the previous year.

Micro-nutrients

Your company sold 3383 MTS during the year, in comparison with sales of 5340 MTS during the previous year.

Financial performance

Owing to shortage of Natural Gas, volatility in the forex market, delays in realization of subsidy due from the Government of India and its consequent effect on the working capital, have resulted in significant losses for the company for the financial year ended March 31, 2014. The company recorded a post tax loss of ₹ 239.11 crores.

Human Resources and industrial relations

Your company during the previous year continued to have good industrial relations with all its employees at all levels. Your company's constant endeavour 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. The company has 1871 employees on its rolls as on July 1, 2014.

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.

ANNEXURE - III

S.No.	NAME	Age	Qualifications	Designation	Date of commencement of employment	Years of Experience	Remuneration received	Previous employment before joining the company
1	Mr K S Raju	63	B.E(Mech) ***	Chairman	01.08.2011	39.0	9868351	Chairman & MD, Nagarjuna Fertilizers and Chemicals Ltd.,(Merged)
2	Mr K Rahul Raju	37	B.Com(Hons) ***	Managing Director	01.08.2011	16.0	9703960	JMD-Nagarjuna Fertilizers and Chemicals Ltd.,(Merged)
3	Mr P P Singh *	73	FIE	Chairman-New	24.02.2001	49.0	6736431	Managing Director, KRIBHCO
4	Mr R S Nanda *	70	B.Sc(Eng) Mech.	Production Initiative Sr.Advisor to Chairman & MD	26.06.2004	48.0	6683112	President & MD, Coromandel Fertilizers Ltd.
5	Mr J Mahalingam *	60	B.A, CA.	Executive Director-Corp Strategy	01.10.1990	35.0	8980388	DGM-Finance, Andhra cement Company Ltd.,
6	Dr.Banibrata Pandey	54	M.Sc(Micro), Ph.D(Sc), M.B,A	Vice President-Emerging Technologies	19.09.2002	31.0	6816362	Sr.Manager, Barnby Technologies, USA
7	Mr Sudhir Bhansali	56	B.Com,ACS,ACA	CFO	13.05.2008	33.0	7145402	President & CFO, The Andhra Pradesh Paper Mills Ltd.,
8	Mr M N Bhaskaran	50	B.Tech(Chem) -Sales & Mktg.	Executive Vice President	24.08.2009	31.0	6252384	Head Operations-TFL Quinn India Pvt Ltd., Hyderabad
9	Mr Tay Hock Guan **	51	B.Sc(Hons), Masters in Appl. Finance	CFO-NFCL Singapore Branch	17.12.2012	27.0	7406967	Head, Treasury, Ascott Internaional

Notes:

- All the abovesaid appointments are non-contractual except marked * and are terminable by notice on either side.
- ** Mr. Tay Hock Guan's salary was paid in Singapore currency, and the amount was shown based on the currency conversion on the date of the remittance.
- *** Mr. K S Raju and Mr. K Rahul Raju are related to each other.
- None of the above employees hold 2% or more of the equity share capital of the company within the meaning of sub-clause (iii) of sub-section (2A) of Section 217 of the Companies Act, 1956.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Nagarjuna Fertilizers and Chemicals Limited

Report on Financial Statements

We have audited the accompanying financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub section (3C) of section 211 of Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to following notes to the financial statements:

- a) Note No 20.1 regarding accounting of subsidy under Group Concession Scheme based on the latest notified rate under NPS III with adjustment of input price escalation as detailed in the said note.
- b) Note No 25.1 regarding Managerial remuneration, the Company is in the process of obtaining approval from the Central Government.
- c) Note No 14.1 regarding non provision for diminution, if any in respect of investments in one of the subsidiaries based on the management assessment.

Our opinion is not qualified in respect of above matters.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Hyderabad
May 29, 2014

M. V. Ramana Murthy
Partner
Membership No.206439

Annexure to the Independent Auditors' Report

(Referred to in paragraph '1' under Report on Other Legal and Regulatory Requirements our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in accordance with 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) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) (a) Physical verification of inventories at plants and ware houses has been conducted by the management at reasonable intervals during the year. In our opinion, having regard to nature of business and location of stocks, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories. According to information and explanations given to us, the discrepancies noticed on verification between physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (b), (c) and (d) of paragraph 4(iii) of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (e), (f) and (g) of paragraph 4(iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, all the contracts or arrangements that need to be entered in the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5 Lakhs in respect of any party during the year have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices wherever available at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 4(vi) of the Order are not applicable to the Company.
- (vii) The internal audit of the Company is conducted by internal audit department. In our opinion, the scope and coverage of Internal Audit is commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records prescribed under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that, prima facie, the prescribed accounts and 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.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax / income tax / custom duty / wealth tax / service tax / excise duty / cess which have not been deposited on account of any dispute except in respect of excise duty ₹ 5,400.06 Lakhs
- (x) The Company's accumulated loss at the year-end is less than fifty percent of its networth. The Company has incurred cash loss of ₹ 20,356.65 Lakhs during the current financial year and has not incurred cash loss in the immediately preceding financial year.
- (xi) According to information and explanations given to us, except for delay in payment of installments and interest dues

aggregating to ₹ 7,685.23 Lakhs and ₹ 1,684.26 Lakhs respectively to debenture holders, banks and financial institutions ranging 1 to 31 days, the Company has not defaulted in repayment of dues in respect of term loans and debentures during the year.

- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of paragraph 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a Chit fund/ Nidhi/ Mutual benefit fund/ Society. Accordingly, the provisions of paragraph 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of paragraph 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company during the year has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were, prima facie, applied by the Company during the year for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis amounting to ₹ 36,207.20 Lakhs have prima facie, been used for non-current assets.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us and the records examined by us, securities / charges have been created in respect of debentures issued and term loans taken from banks, financial institutions and others both for Rupee loan and Foreign currency loans.
- (xx) During the year covered by our audit, the Company has not raised any money by public issues.
- (xxi) During the course of our examination of the books and other records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instance of fraud on or by the Company was reported during the year, nor have we been informed of such case by the management.

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

M. V. Ramana Murthy
Partner
Membership No.206439

Hyderabad
May 29, 2014

Balance Sheet As At March 31, 2014

₹ in Lakhs

Particulars	Note	As At March 31, 2014		As At March 31, 2013	
I. EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	4	5,980.65		5,980.65	
(b) Reserves and Surplus	5	208,659.45	214,640.10	232,021.81	238,002.46
Non-Current Liabilities					
(a) Long-Term Borrowings	6	19,177.37		34,600.98	
(b) Deferred Tax Liabilities (Net)	7	8,509.11		19,200.90	
(c) Other Long Term Liabilities	8	14,506.12		4,098.84	
(d) Long-Term Provisions	9	2,041.51	44,234.11	1,865.28	59,766.00
Current Liabilities					
(a) Short-Term Borrowings	10	121,453.71		251,219.25	
(b) Trade Payables	11	87,749.75		40,713.16	
(c) Other Current Liabilities	12	20,803.50		33,982.02	
(d) Short-Term Provisions	9	3,636.79	233,643.75	1,992.21	327,906.64
Total			492,517.96		625,675.10
II. ASSETS					
Non-Current Assets					
(a) Fixed Assets	13				
(i) Tangible Assets		298,735.13		306,667.18	
(ii) Intangible Assets		3,439.80		3,931.20	
(iii) Capital work-in-progress		3,012.49		632.15	
(b) Non-Current Investments	14	5,293.67		5,311.17	
(c) Long-Term Loans and Advances	15	1,924.35		2,217.07	
(d) Other Non-Current Assets	19	35.74	312,441.18	445.72	319,204.49
Current Assets					
(a) Inventories	16	25,120.84		24,331.00	
(b) Trade Receivables	17	132,952.92		243,900.97	
(c) Cash and Bank balances	18	9,300.71		32,521.17	
(d) Short-Term Loans and Advances	15	12,337.34		4,679.34	
(e) Other Current Assets	19	364.97	180,076.78	1,038.13	306,470.61
Total			492,517.96		625,675.10
Corporate Information and Significant Accounting Policies	1 & 2				

Accompanying Notes form an integral part of the Financial Statements
As per our report of even date attached

For and on behalf of the Board

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

K S Raju
Chairman

Chandra Pal Singh Yadav
Viney Kumar
N C B Nath
M P Radhakrishnan
Yogesh Rastogi
V Anish Babu
Directors

M.V. Ramana Murthy
Partner

Hyderabad
May 29, 2014

M. Ramakanth
Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Statement of Profit and Loss for the year ended March 31, 2014

₹ in Lakhs

Particulars	Note	2013-14		2012-13	
Income					
Revenue from operations					
Sale of Products (including Subsidy)		344,451.88		547,762.39	
Sale of Services		999.70		1,466.91	
Other Operating Revenues		249.25		109.18	
	20	345,700.83		549,338.48	
Less: Excise Duty		857.70	344,843.13	876.81	548,461.67
Other Income	21		3,228.96		3,225.34
Total			348,072.09		551,687.01
Expenses					
Cost of materials consumed	22		71,379.86		74,745.93
Power and Fuel			47,953.39		45,003.82
Purchase of Traded Products	23		144,382.62		308,514.82
(Increase) / Decrease in Stock	24		1,339.85		(857.17)
Employee Benefits Expense	25		13,688.62		13,155.00
Finance Cost	26		28,174.45		26,422.90
Depreciation and Amortization	13		12,614.70		12,310.89
Other Expenses	27		40,948.55		56,168.05
Total			360,482.04		535,464.24
Profit / (Loss) before exceptional items and tax			(12,409.95)		16,222.77
Exceptional Items	29		20,561.40		-
Profit / (Loss) before tax			(32,971.35)		16,222.77
Tax Expense					
(a) Current Tax			-		7,463.10
(b) Adjustments relating to earlier years			1,631.39		-
(c) Deferred Tax	7		(10,691.79)		653.80
Profit / (Loss) after tax			(23,910.95)		8,105.87
Earnings per equity share of face value of ₹ 1/- each					
Basic and Diluted	33		(4.00)		1.36
Corporate Information and Significant Accounting Policies	1 & 2				

Accompanying Notes form an integral part of the Financial Statements
As per our report of even date attached

For and on behalf of the Board

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

K S Raju
Chairman

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V Anish Babu
Directors

M.V. Ramana Murthy
Partner

Hyderabad
May 29, 2014

M. Ramakanth
Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Cash Flow Statement for the year ended March 31, 2014

₹ in Lakhs

Particulars	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(32,971.35)	16,222.77
Adjustments:		
Depreciation/Amortisation	12,614.70	12,310.89
Finance Cost	28,174.45	26,422.90
Provision for Diminution in value of Investments	17.50	-
(Profit) /Loss on sale of assets / assets discarded	471.15	(1.62)
Operating Profit before working capital changes	8,306.45	54,954.94
Movements in working capital:		
Increase/(decrease) in trade payables	85,078.86	41,379.33
Increase/(decrease) in buyers/suppliers credit	(167,259.22)	44,880.97
Increase/(decrease) in long term provisions	176.23	425.04
Increase/(decrease) in short term provisions	61.12	(530.26)
Increase/(decrease) in other current liabilities	(497.75)	294.16
Increase/(decrease) in other long term liabilities	549.70	256.72
Decrease/(increase) in trade receivables	110,948.05	(70,315.11)
Decrease/(increase) in inventories	(789.84)	(1,586.56)
Decrease/(increase) in long term loans and advances	(190.61)	(55.92)
Decrease/(increase) in short term loans and advances	(7,658.00)	(1,227.54)
Decrease/(increase) in other current assets	673.16	(609.94)
Cash generated from/(used in) operations	29,398.15	67,865.83
Direct Taxes Paid (net of refunds)	(47.93)	(5,034.87)
Net cash flow from operating activities	29,350.22	62,830.96
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and CWIP	(6,581.06)	(3,646.44)
Margin Money Deposits	12,578.30	(4,784.56)
Proceeds from sale of fixed assets	21.65	3.71
Net cash flow from / (used) in investing activities	6,018.89	(8,427.29)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	1,375.38	24.00
Repayment of short term borrowings	-	(9,494.03)
Repayment of long term borrowings	(17,070.10)	(16,549.83)
Finance cost paid	(30,720.82)	(21,739.48)
Dividend paid	(5.71)	(5,694.95)
Dividend Tax paid	-	(970.21)
Net Cash flow used in financing activities	(46,421.25)	(54,424.50)
Net Increase/(decrease) in Cash and Cash equivalents	(11,052.14)	(20.83)
Cash and Cash equivalents as at beginning of the year	17,507.26	17,528.09
Cash and Cash equivalents as at end of the year	6,455.12	17,507.26

The Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statement and presents the cash flows by operating, investing and financing activities.

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of the Board

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

K S Raju
Chairman

Chandra Pal Singh Yadav
Viney Kumar
N C B Nath
M P Radhakrishnan
Yogesh Rastogi
V Anish Babu
Directors

M.V. Ramana Murthy
Partner

Hyderabad
May 29, 2014

M. Ramakanth
Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Notes forming part of the financial statements for the year ended March 31, 2014

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, 2014 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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation:

The financial statements of the Company are prepared on accrual basis, under historical cost convention and in accordance with Generally Accepted Accounting Principles (GAAP) applicable in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of the preceeding 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. Fixed Assets:

2.3.1. 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.

2.3.2. 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.

2.4. 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.

2.5. Depreciation on Fixed Assets:

2.5.1. Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 or at higher rates as stated below:

Sl. No.	Description	Schedule XIV Rates	Rates adopted by the Company
1	Computer and IT equipments	16.21%	23.75%
2	Office equipment	4.75%	23.75%
3	Lab equipment	5.28%	31.66%
4	Electronic equipments / Air Conditioners	4.75%	19.00%
5	Vehicles	9.50%	19.00%

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

Notes forming part of the financial statements for the year ended March 31, 2014

2.6. Investments :

Investments are classified as Long term and Current. Long term 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.

2.7. 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 operation 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.

2.8. 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.

2.9. 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.

2.10. 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.

2.11. Inventories:

The method of valuation of inventories:

2.11.1. 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.

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

2.11.3. Other finished goods, work-in-process, raw materials, stores, spares, packing material and loose tools - at weighted average cost, less provision for depletion in value, if any.

Notes forming part of the financial statements for the year ended March 31, 2014

2.12. 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" notified by the Companies (Accounting Standard) Rules, 2006.

2.12.1. Gratuity: In accordance with the Payment of Gratuity Act, 1972 the company provides for gratuity covering eligible Employees. Liability on account of gratuity is covered by a policy with Life Insurance Corporation ('LIC') and the annual contributions are paid / provided in accordance with the scheme.

2.12.2. 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.

2.12.3. 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.

2.12.4. 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.

2.13. 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.

2.14. Taxes:

2.14.1. Current Tax: Provision for current tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.

2.14.2. Deferred Taxes: Deferred tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognised and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

2.15. Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, Earnings per share notified by the Companies (Accounting Standards) Rules, 2006. 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.

2.16. Contingencies:

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. 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 Iksan 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.

Notes forming part of the financial statements for the year ended March 31, 2014

An application has been filed by SEBI in the High Court of Bombay at Mumbai to recall / review and / or set aside the order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The Company is contesting the application, the matter is sub-judice and the High Court of Bombay at Mumbai is hearing the matter.

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

Adjustments, if any, required to the financial statements will be made on final resolution of this matter.

4. Share Capital:

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Authorised				
Equity Shares of ₹ 1/- each	6,210,000,000	62,100.00	6,210,000,000	62,100.00
Preference Shares of ₹ 90/- each	20,000,000	18,000.00	20,000,000	18,000.00
Issued, Subscribed and Paid Up				
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.

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 1/- each				
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 shares.

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 amounts. 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

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity Shares of ₹ 1/- each				
Nagarjuna Corporation Limited	127,068,520	21.25%	127,068,520	21.25%
Nagarjuna Management Services Private Limited ¹	78,592,592	13.14%	78,592,592	13.14%
Nagarjuna Holdings Private Limited 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 ¹	18,298,969	3.06%	18,298,969	3.06%
White Stream Properties Private Limited ¹	3,019,060	0.50%	3,019,060	0.50%
Nagarjuna Staff Betterment Company Private Limited ²	8,723,277	1.46%	-	-

¹ Shares held by Nagarjuna Management Services Private Limited, Nagarjuna Holdings Private Limited, Baron Properties Private Limited and White Stream Properties Private Limited yet to be transferred to Nagarjuna Corporation Limited in terms of Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012. The equity shares shall be transferred to NCL on the commencement of trading of NFCL equity shares.

² Shares held by Nagarjuna Staff Betterment Company Private Limited (NSB) yet to be transferred to Nagarjuna Corporation Limited (NCL) in terms of Scheme of Amalgamation of NSB into NCL approved by the Hon'ble High Court of Bombay at Mumbai on March 22, 2012 pursuant to which NSB was merged into NCL. The equity shares shall be transferred to NCL on the commencement of trading of NFCL equity shares.

4.4. Aggregate number of shares issued for consideration other than cash

598,065,003 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.

Notes forming part of the financial statements for the year ended March 31, 2014

5. Reserves and Surplus:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Capital Reserve		
Opening Balance	90,843.26	90,843.26
Securities Premium Account		
Opening Balance	109,619.35	109,619.35
Foreign Currency Translation Reserve		
Opening Balance	25.04	-
Add: Effect of Foreign exchange variation during the year	548.59	25.04
Closing Balance	573.63	25.04
Debenture Redemption Reserve		
Opening Balance	3,194.94	4,301.89
Less: Transfer to General Reserve	1,106.95	1,106.95
Closing Balance	2,087.99	3,194.94
General Reserve		
Opening Balance	16,948.85	15,841.90
Add: Transfer from Debenture Redemption Reserve	1,106.95	1,106.95
Closing Balance	18,055.80	16,948.85
Surplus/ (Deficit) in Statement of Profit and Loss		
Opening Balance	11,390.37	3,284.50
Add: Profit / (Loss) after tax for the year	(23,910.95)	8,105.87
Closing Balance	(12,520.58)	11,390.37
Total	208,659.45	232,021.81

6. Long Term Borrowings:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Debentures (Secured) (Refer Note 6.1)				
15,330,000 Debentures 15% Redeemable				
Non-convertible of ₹ 100/- each	2,715.17	5,656.61	2,941.44	2,941.44
3,000,000 Debentures 14.5% Redeemable				
Non-convertible of ₹ 100/- each	360.00	750.00	390.00	390.00
8,000,000 Debentures 15% Redeemable				
Non-convertible of ₹ 100/- each	264.02	645.37	381.36	381.36
2,500,000 Debentures 15% Redeemable				
Non-convertible of ₹ 100/- each	225.00	550.00	325.00	325.00
3,000,000 Debentures 13.25% Redeemable				
Non-convertible of ₹ 100/- each	360.00	750.00	390.00	390.00
	3,924.19	8,351.98	4,427.80	4,427.80
Term Loans (Secured)				
From Banks				
In Rupees (Refer Note 6.2)	4,477.75	12,254.59	8,443.50	8,859.94
In Foreign Currency (Refer Note 6.2 and 6.4)	5,148.70	6,794.42	2,355.45	1,861.28
From Others (Refer Note 6.2 and 6.3)				
In Rupees	1,742.91	2,674.77	1,471.16	1,555.40
Deferred Payment Liabilities (Unsecured) (Refer Note 6.5)				
Sales tax Deferral	3,883.82	4,525.22	641.39	905.99
Total	19,177.37	34,600.98	17,339.30	17,610.41
The above amount includes:				
Secured Borrowings	15,293.55	30,075.76	16,697.91	16,704.42
Unsecured Borrowings	3,883.82	4,525.22	641.39	905.99
Amount disclosed under the head	-	-	(17,339.30)	(17,610.41)
" Other Current Liabilities " (Refer Note 12)				
Net amount	19,177.37	34,600.98	-	-

Notes forming part of the financial statements for the year ended March 31, 2014

6.1. Debentures (Secured):

- 6.1.1. The debentures 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 and assets given on lease with exclusive charge in favour of the funding institution.

- 6.1.2. The details of rate of interest and redemption of debentures are as under
Non-convertible debentures of ₹ 100/- each

Bank / Institution	No. of Debentures	Effective Rate of interest %	Repayment Schedule
ICICI Bank Ltd	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	8,000,000	12.75	41 Structured Quarterly Installments commencing from March 2006
IFCI	2,500,000	12.75	41 Structured Quarterly Installments commencing from March 2006
LIC of India	3,000,000	11.50	41 Structured Quarterly Installments commencing from March 2006

There are no overdue installments as at the year end.

- 6.1.3. The Company has created debenture redemption reserve for the above redeemable non-convertible debentures.

6.2. Term Loans – In Rupees and in Foreign currency from Banks and Financial institutions:

- 6.2.1. Term loans 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 ranking pari-passu, inter se, the lenders;
- a second charge on the current assets of the Company; and
- a charge created through an equitable mortgage by deposit of title deeds of certain specified immovable properties of the Company other than those mentioned in Note 6.4.1.

- 6.2.2. Further secured by pledge of 22,561,693 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 Institutions and Banks, Counter Guarantees from banks are guaranteed by Shri K.S.Raju, Chairman of the Company.

- 6.2.4. The details of rate of interest and repayment of Term Loans are as under: ₹ in Lakhs

The details of rate of interest and repayment of term loans are as under:

Bank / Institution	Rate of Interest %	Balance as on March 31, 2014	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
Rupee Loans - Bank					
IDBI Bank Ltd	BBR +2.25	7,387.76	41 *	Quarterly	Mar-06
IDBI Bank Ltd	BBR +2.50	1,250.15	12	Quarterly	Jan-12
IDBI Bank Ltd	12.40	2,500.00	20	Quarterly	Oct-11
State Bank of India	13.95	1,450.00	20	Quarterly	Dec-11
ICICI Bank Ltd	I Base + 4.00	333.33	12	Quarterly	Apr-12
Total		12,921.24			
Foreign Currency Loan-Bank					
ICICI Bank - Hongkong	6 Month Libor+2.00	2,398.00	10	Half Yearly	Feb-11
Rupee Loans - Institution					
IFCI	12.75	1,642.70	41 *	Quarterly	Mar-06
LIC	11.50 *	22.36	41 *	Quarterly	Mar-06
SICOM	11.50 *	749.02	41 *	Quarterly	Mar-06
Total		2,414.08			

* as per CDR package.

There are no overdue installments as at the year end.

Notes forming part of the financial statements for the year ended March 31, 2014

6.3. Term Loans – In Rupees from Others:

6.3.1. 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.

6.3.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2014	Repayment Schedule
Department of Bio Technology	2	720.00	10 Semi annual Installments commencing from October 31, 2014
Department of Bio Technology	2	80.00	10 Semi annual Installments commencing from June 30, 2014

There are no overdue installments as at the year end.

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, 2014	Repayment Schedule
ICICI Bank - HongKong	6 Month Libor +5.80	5,106.16	15 Half Yearly Installments commencing from February, 2012

There are no overdue installments as at the year end.

6.5. 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, 2014 is ₹ 8,305.54 Lakhs (Previous Year ₹ 9,211.53 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012. There are no overdue instalments 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:

₹ in Lakhs

Particulars	Nature	March 31, 2014	March 31, 2013
On account of Depreciation / amortization	Liability	19,010.92	20,038.03
On account of Employee benefit provision	Asset	815.81	735.13
On account of Unabsorbed Business Loss / Depreciation	Asset	6,296.71	-
On account of Disallowances u/s 43B	Asset	3,321.29	-
On account of Amalgamation expenses	Asset	68.00	102.00
Total	Net Liability	8,509.11	19,200.90
Charge / (credit) for the year		(10,691.79)	653.80

8. Other Long Term Liabilities:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Deposits from dealers	4,464.47	3,941.11
Other Deposits - (Retention, EMD etc.)	184.07	157.73
Recompense payable (Refer Note 8.1)	9,857.58	-
Total	14,506.12	4,098.84

Notes forming part of the financial statements for the year ended March 31, 2014

- 8.1.** The company was sanctioned a Debt Restructuring Package (including working capital) under Corporate Debt Restructuring (CDR) scheme on February 20, 2004 effective from April 01, 2003.

Subsequently, as the Company's performance improved, the Company made an application to CDR cell on January 25, 2010 for the exit from CDR package. During the year CDR-EG has approved the Company's exit from CDR, with a payment of recompense amount of ₹ 18,041.00 Lakhs. The Company had earlier deposited ₹ 8,000.00 Lakhs, which along with the interest of ₹ 1,352.80 Lakhs, has been distributed among the CDR lenders. For balance, the Company has proposed to issue 10.25% per annum bonds, which are redeemable in 18th, 30th and 42nd months from the date of exit of CDR package. The lenders have communicated their consent for settlement of recompense amount by issuance of bonds vide letter dated May 6, 2014.

9. Provisions:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for employee benefits				
- Leave Benefit	2,041.51	1,865.28	70.06	77.30
- Gratuity	-	-	288.57	220.21
Provision for Taxation (net of Advance Tax ₹ 13,895.78 Lakhs (previous year ₹ 23,166.63 Lakhs)	-	-	3,278.16	1,694.70
Total	2,041.51	1,865.28	3,636.79	1,992.21

10. Short Term Borrowings:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Loans repayable on demand		
Secured		
From Banks		
In Rupees - Cash Credit	85,071.08	71,077.40
In Rupees - Short Term Loan	23,500.00	-
In Foreign Currency - Suppliers / Buyers Credit	12,882.63	180,141.85
Total	121,453.71	251,219.25

- 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 guaranteed by Shri K.S.Raju, Chairman of the Company.

11. Trade Payables:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Trade Payables - Other than Acceptances	87,749.75	40,713.16

- 11.1.** Based on the information available with the Company, there are no dues / interest outstanding to Micro, Small and Medium Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2014 (Previous Year : Nil)

12. Other Current Liabilities:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Current maturities of long term debt (Refer Note 6)	17,339.30	17,610.41
Interest accrued but not due	430.40	12,834.35
Unclaimed Dividends (Refer Note 12.1)	661.96	667.67
Other payables		
Statutory Payables	678.50	1,744.69
Deposits	151.95	152.12
Others	1,141.16	566.95
Payable on purchase of fixed assets	400.23	405.83
Total	20,803.50	33,982.02

- 12.1.** There are no amounts due for payment to the Investor Education Protection Fund as at Balance Sheet date.

Notes forming part of the financial statements for the year ended March 31, 2014

13. Fixed Assets:

₹ in Lakhs

Particulars	Gross Block				Depreciation				Net Block	
	As at March 31, 2013	Additions during the year	Deductions/ Adjustments during the year	As at March 31, 2014	Upto March 31, 2013	For the year	Deducti- ons/ Adjustm- ents	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Land	116,083.87	71.59	17.35	116,138.11	-	-	-	-	116,138.11	116,083.87
Buildings	14,546.72	139.51	-	14,686.23	778.47	394.25	-	1,172.72	13,513.51	13,768.25
Plant & Equipments	195,346.47	4,159.61	536.64	198,969.44	21,530.78	11,316.17	63.80	32,783.15	166,186.29	173,815.69
Furniture, Fixtures & Office Equipment	1,457.96	301.16	4.68	1,754.44	457.53	275.87	2.12	731.28	1,023.16	1,000.43
Vehicles	406.33	12.18	0.12	418.39	131.06	77.90	0.07	208.89	209.50	275.27
Roads, Drains & Culverts	908.81	-	-	908.81	29.15	14.81	-	43.96	864.85	879.66
Railway Siding	932.61	-	-	932.61	88.60	44.30	-	132.90	799.71	844.01
Total	329,682.77	4,684.05	558.79	333,808.03	23,015.59	12,123.30	65.99	35,072.90	298,735.13	306,667.18
Previous Year	327,514.97	2,171.59	3.79	329,682.77	11,197.80	11,819.49	1.70	23,015.59	306,667.18	316,317.17
Intangible Assets										
Trade Marks & Services	4,914.00	-	-	4,914.00	982.80	491.40	-	1,474.20	3,439.80	3,931.20
Total	4,914.00	-	-	4,914.00	982.80	491.40	-	1,474.20	3,439.80	3,931.20
Previous Year	4,914.00	-	-	4,914.00	491.40	491.40	-	982.80	3,931.20	4,422.60

13.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹ 68.75 Lakhs (Previous Year ₹ 49.26 Lakhs).

13.2. Additions to Plant & Equipments during the year include ₹ 999.37 Lakhs (Previous Year ₹ 540.40 Lakhs) foreign exchange loss arising on account of restatement of foreign currency loan.

13.3. Land & Buildings

- Includes 5 acres, the possession of which is yet to be taken, title under dispute.
- Includes 45.04 acres attached by Govt. of Andhra Pradesh in terms of GO Ms No.158 dt. March 16, 2009. The Company has filed a writ petition in the High Court of Andhra Pradesh challenging the notification of the Govt. of Andhra Pradesh.
- 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.
- Excludes value of 14.06 acres pending completion of alienation and handing over possession by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.

14. Non Current Investments - Unquoted (At Cost):

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Long Term				
Trade Investments				
In Subsidiaries				
In Equity Shares of ₹ 10/- each fully paid up				
Jaiprakash Engineering and Steel Company Limited ¹	22,561,693	2,256.17	22,561,693	2,256.17
In Equity Shares of Euros 100 each fully paid up				
Nagarjuna Industrial Services and Investments Private Limited	50,000	3,037.50	50,000	3,037.50
Total - (A)		5,293.67		5,293.67
In Associates				
In Equity Shares of ₹ 10/- each fully paid up				
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
Total - (B)		17.50		17.50
Total - (A+B)		5,311.17		5,311.17
Less: Provision for diminution in value of Investment		17.50		-
		5,293.67		5,311.17
Aggregate cost of Quoted Investments		-		-
Aggregate cost of Un-Quoted Investments		5,311.17		5,311.17
Aggregate Market Value of Quoted Investments		-		-

¹ pledged with lenders in terms of CDR Package, Refer Note 6.2.2

Notes forming part of the financial statements for the year ended March 31, 2014

- 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 payment of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to reimburse the cost with a condition as and when KIADB receive request, JESCO lands will be offered and upon acceptance by potential investor amounts will be refunded to JESCO. As at the year end, JESCO is in possession of 548.70 acres of land.

The Company has applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government during the year in the balance land held by the Company. 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 to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition in the Hon'ble High Court of Karnataka challenging the above cited GO and the Court has granted interim stay.

Accordingly, in the opinion of the management there is no diminution in the value of investment, considering the value of land in possession as at the year end.

15. Loans and Advances:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital Advances				
Secured (considered good)	132.56	506.31	-	-
Unsecured (considered good)	751.43	861.01	-	-
Total - (A)	883.99	1,367.32	-	-
Loans and Advances - Unsecured (considered good)				
Security Deposits	644.05	630.88	100.06	89.48
Loans and advances to related parties	386.82	213.53	3,488.86	2,919.00
Advance Recoverable in Cash or in Kind	-	-	7,650.35	1,295.18
Prepaid Expenses	9.17	5.34	1,052.28	329.06
Loans to Employees	-	-	3.42	5.08
Balance with Customs Authorities	0.32	-	39.64	39.42
Claims receivable	-	-	2.73	2.12
Total - (B)	1,040.36	849.75	12,337.34	4,679.34
Total (A+B)	1,924.35	2,217.07	12,337.34	4,679.34

16. Inventories:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Raw materials	333.18	611.14
Work in process	81.84	53.31
Finished Goods - Manufactured goods	1,657.25	3,216.29
Stock In Transit - Manufactured goods	73.34	318.64
Traded goods	17,746.02	16,924.22
Stock In Transit - Traded goods	39.11	424.95
Packing materials	828.91	759.79
Stores and Spares	4,353.94	2,013.01
Loose tools	7.25	9.65
Total	25,120.84	24,331.00

Notes forming part of the financial statements for the year ended March 31, 2014

17. Trade Receivables: (Unsecured) (Refer Note 17.1)

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Debts outstanding over six months		
Considered good	22,350.45	14,119.80
Considered doubtful	333.71	248.35
Other debts considered good	110,602.47	229,781.17
	133,286.63	244,149.32
Less: Provision for doubtful debts	333.71	248.35
Total	132,952.92	243,900.97

17.1. Includes subsidy and other dues ₹ 89,606.89 Lakhs (Previous Year ₹ 164,109.89 Lakhs) from Government of India and ₹ 8,747.95 Lakhs (Previous Year ₹ 8,487.63 Lakhs) from State Governments.

18. Cash and Bank Balances :

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cash and Cash equivalents				
Cash on hand	-	-	15.89	17.48
Balances with Banks				
Earmarked balances with Banks				
Deposits with Original Maturity of less than three months	-		371.95 ²	8,596.87 ¹
Unclaimed Dividend	-	-	661.96	667.67
in Current Accounts	-	-	772.34	4,639.74
Cheques, drafts on hand	-	-	4,632.98	3,585.50
			6,455.12	17,507.26
Other Bank Balances in Deposit Accounts				
Margin Money Deposits	35.74	445.72	2,845.59	15,013.91
Amount disclosed under "Other Non Current Assets" (Refer Note 19)	(35.74)	(445.72)	-	-
Total	-	-	9,300.71	32,521.17

¹ represents deposits in the name of the Company which are under lien to IDBI Bank Limited, with an absolute right to appropriate the deposits towards recompense payable by the Company.

² represents amount deposited in pursuance of Notification issued by Ministry of Corporate Affairs, vide Circular No. 04/2013, dated February 11, 2013.

19. Other Assets:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Non current Bank balances (Refer Note 18)	35.74	445.72	-	-
Other Receivables (considered good)	-	-	179.78	8.95
Interest Accrued on Deposits	-	-	162.68	1,010.73
Unbilled Revenue	-	-	22.51	18.45
Total	35.74	445.72	364.97	1,038.13

Notes forming part of the financial statements for the year ended March 31, 2014

20. Revenue from Operations:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Sales, including Subsidy on products		
Manufactured goods		
Urea (Refer Note 20.1) *	171,517.00	186,792.50
Customised Fertilizers	3,879.79	1,199.28
Wind Energy	751.59	913.31
Extruded Irrigation systems	18,202.62	16,514.29
PVC Pipes	47.99	172.64
Total - A	194,398.99	205,592.02
Traded goods		
Pool Urea	87,199.44	92,414.98
Bulk Fertilizers @	37,570.57	231,938.77
Specialty Fertilizers	8,133.42	8,632.67
Others	17,149.46	9,183.95
Total - B	150,052.89	342,170.37
Sale of Products	Total - (A+B)	344,451.88
Sale of Services - Manpower	999.70	1,466.91
Other Operating revenues (sale of scrap, etc.)	249.25	109.18
Total	345,700.83	549,338.48

* including Government Subsidy ₹ 95,033.34 Lakhs (Previous Year ₹ 106,255.27 Lakhs)

@ including Government Subsidy ₹ 13,457.66 Lakhs (Previous Year ₹ 93,086.95 Lakhs)

20.1. Group Concession Scheme – (GCS) Subsidy

Nitrogenous fertilizers (Urea) are under the Group Concession Scheme as per New Pricing Scheme announced by the Government of India, Department of Fertilizers vide their letter dated March 08, 2007 to be implemented for the period from October 01, 2006 to March 31, 2010 (NPS-III) which has further been extended from April 01, 2010 until further orders. The Concession Rate for Plant-1 and Plant-2 for the period April 01, 2013 to March 31, 2014 has been recognized based on the latest notified rates under NPS-III and further adjusted with input price de-escalation aggregating to ₹ 597.86 Lakhs (Previous Year ₹ 614.85 Lakhs) as estimated by the Management.

Pending finalisation of “Net Gain” and “IPP benefit” as per the Government policies for Production and Sale of Urea beyond 100% re-assessed capacity, the Company has estimated the Net Gain and IPP benefit in accordance with the known policy parameters in this regard.

Adjustments if any, on notification of final prices under the scheme will be considered in the year in which notifications are received.

21. Other Income:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Interest on Bank Deposits and others	1,951.53	1,938.02
Grants in Aid (Refer Note 21.1)	100.00	-
Other non-operating income	1,177.43	1,287.32
Total	3,228.96	3,225.34

21.1. Represents revenue grant received from Department of Bio Technology towards Process Development Unit and Rare Sugar Production for in-house Research and Development.

22. Cost of Materials consumed:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Natural Gas	52,593.28	58,706.50
Plastic Granules	8,545.66	7,461.73
PVC resin	2,683.82	1,489.79
Others	1,842.39	1,526.26
Packing Material	5,714.71	5,561.65
Total	71,379.86	74,745.93

Notes forming part of the financial statements for the year ended March 31, 2014

23. Purchases of Traded Products:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Pool Urea	77,929.88	101,732.29
Bulk Fertilizers	32,315.71	192,984.18
Specialty Fertilizers	6,186.09	5,212.92
Packing Material	783.08	1,965.49
Others	27,167.86	6,619.94
Total	144,382.62	308,514.82

24. (Increase) / Decrease in Stock:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Inventories at the end of the year		
Traded goods	17,785.14	17,349.17
Finished Goods	1,730.58	3,534.93
Work in Process	81.84	53.31
Total - (A)	19,597.56	20,937.41
Inventories at the beginning of the year		
Traded goods	17,349.17	17,472.93
Finished Goods	3,534.93	2,511.42
Work in Process	53.31	95.89
Total - (B)	20,937.41	20,080.24
Total - (A-B)	1,339.85	(857.17)

25. Employee Benefits Expense:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Salaries and Wages	11,655.09	10,855.43
Contribution to Provident and Other Funds	1,031.99	1,356.54
Staff Welfare Expenses	1,001.54	943.03
Total	13,688.62	13,155.00

25.1. The remuneration to Chairman and Managing Director have been approved by the Shareholders at the Annual General Meeting held on August 31, 2012 by passing a special resolution and the Company has complied with the provisions of Section IIC of Part II of Schedule XIII of the Companies Act, 1956 while approving the said remuneration during the year 2011-12. As the Company has defaulted in repayment of debts or debentures or interest payable there on in certain cases during the year 2012-13; the Company is in the process of obtaining approval from the Central Government to comply with the provisions of Schedule XIII of the Companies Act, 1956.

25.2. The disclosure required under Accounting Standard 15 "Employee Benefits" notified by the Companies (Accounting Standards) Rules 2006, is given below.

Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contribution to defined contribution plans for qualifying employees including whole time directors. Under the schemes 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:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Employer's contribution to provident Fund	363.89	322.68
Employer's contribution to Superannuation Fund	466.02	404.17
Employer's contribution to Pension Scheme	110.86	109.31

Notes forming part of the financial statements for the year ended March 31, 2014

Defined Benefit Plans

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. 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. Reconciliation of opening and closing balance of Defined Benefit Obligation Gratuity (Funded)

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Defined Benefit obligation at beginning of the year	2,068.24	1,576.00
Current Service Cost	327.89	325.40
Interest Cost	165.84	128.82
Actuarial (gain) / loss	(276.76)	48.02
Past service cost	-	-
Benefits paid	91.69	10.00
Defined Benefit Obligation at year end	2,193.52	2,068.24

b. Reconciliation of opening and closing balance of fair value of plan assets

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Fair value of plan assets at beginning of the year	1,852.39	1,591.58
Expected return on plan assets	175.57	136.12
Actuarial gain / (loss)	(175.57)	(142.55)
Employer contribution	144.24	277.24
Benefits paid	91.69	10.00
Fair value of plan assets at year end	1,904.94	1,852.39

c. Reconciliation of fair value of assets and obligations

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Fair value of plan assets	1,904.94	1,852.39
Present value of obligation	2,193.52	2,068.24

d. Expenses recognized during the year under the head "Employee Benefits Expense"

₹ in Lakhs

Particulars	2013-14	2012-13
Current service Cost	327.89	325.40
Interest Cost	165.84	128.82
Expected return on plan assets	(175.57)	(142.55)
Actuarial (gain) / loss	(101.19)	190.57
Past Service Cost	-	-
Net cost	216.97	502.24

e. Investment Details

Particulars	March 31, 2014	March 31, 2013
L.I.C. Group Gratuity (Cash Accumulation) Policy	100%	100%
Amount ₹ In Lakhs	1,904.94	1,852.39

f. Actuarial assumptions

Mortality Table of L.I.C.

Particulars	March 31, 2014	March 31, 2013
Discount rate (per annum)	8.20%	8.20%
Expected rate of return on plan assets (per annum)	9.00%	9.00%
Rate of escalation in salary (per annum)	10.00%	10.00%

The estimate of rate of escalations in salary considered in actuarial valuation, takes in to account inflation, length of service and other relevant factors.

Notes forming part of the financial statements for the year ended March 31, 2014

26. Finance cost:

₹ in Lakhs

Particulars	2013-14	2012-13
Interest Expense		
Term Loans	3,798.80	9,576.46
Debentures	1,360.25	1,824.33
Short term borrowings	16,159.92	8,549.44
Other borrowing costs	6,381.33	6,313.82
Interest on shortfall in payment of Advance Tax	474.15	158.85
Total	28,174.45	26,422.90

27. Other Expenses:

₹ in Lakhs

Particulars	2013-14	2012-13
Catalysts charge	74.75	-
Chemicals and consumables	1,065.11	1,029.43
Excise Duty on Inventory	(15.22)	11.98
Rent	924.99	824.90
Rates and Taxes	1,676.74	698.80
Electricity and Water	210.35	154.86
Stores and Spares Consumed	817.17	580.85
Repairs and Maintenance		
Buildings	55.26	109.56
Plant and Machinery	954.25	549.98
Others	667.80	554.89
Insurance	569.93	688.56
Printing and Stationery	122.36	112.89
Postage, Telephone and Telex	257.32	286.89
Travelling and Conveyance	1,547.55	1,554.72
Advertisement and Publicity	998.01	1,079.42
Employee Recruitment and Training	35.07	60.30
Legal, Secretarial and Share Registry	526.18	354.43
Professional and Consultancy	1,634.75	1,810.39
Directors Sitting Fees	13.99	9.16
Loss on Sale of Assets / Assets discarded	471.15	-
Auditors' remuneration (Refer Note 34)	104.43	103.47
Donations	136.05	132.77
Transport and Handling	24,104.97	34,967.98
Distribution	2,368.47	2,233.48
Sales Commission	742.23	757.71
Bad Debts / Advances written off	0.72	4.12
Provision for doubtful debts / advances	85.37	54.34
Provision for diminution in value of Investment	17.50	-
Loss on foreign currency transactions	-	6,571.70
Miscellaneous	781.30	870.47
Total	40,948.55	56,168.05

Notes forming part of the financial statements for the year ended March 31, 2014

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

Particulars	2013-14	2012-13
A. Capital Expenditure		
Plant and equipments, computers, etc	412.40	352.98
B. Revenue Expenditure		
Salaries and Wages	662.49	637.13
Contribution to Provident and Other funds	65.78	62.78
Staff welfare	54.06	54.67
Electricity and Water	69.43	44.16
Chemicals and Consumables	103.42	104.45
Professional Charges	172.69	387.46
Depreciation	755.54	654.23
Finance cost	14.61	8.11
Others	270.79	257.46
Revenue Expenditure	2,168.81	2,210.45
Less: Grants in Aid received (included in Other Income)	100.00	-
Total	2,068.81	2,210.45

29. The exceptional items include Loss on foreign currency transactions ₹ 14,539.06 Lakhs and provision for recompense payable to CDR lenders on exit of CDR ₹ 6,022.34 Lakhs.

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 ₹ 1,814.63 Lakhs (Previous year ₹ 9,589.33 Lakhs).
- 30.1.2. Income Tax matters under disputes ₹ Nil (Previous year ₹ 1,183.91 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 ₹ 7,498.53 Lakhs including ₹ 5,400.06 Lakhs disputed Excise Duty on subsidy which is not tenable as per the legal opinion.(Previous year ₹ 1,025.85 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) ₹ 3,004.03 Lakhs (Previous year ₹ 6,078.74 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 Ltd (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.

Notes forming part of the financial statements for the year ended March 31, 2014

32. Related party transactions:

32.1. Names of related parties and description of relationship.

Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) (previously known as Nagarjuna Mauritius Private Limited)

Step down Subsidiaries

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

* application filed with Registrar of Companies, Nairobi for striking off the name of the company from the Register of Companies.

Associates

- (i) Nagarjuna Agricultural Research and Development Insititute
- (ii) KVK Raju International Leadership Academy
- (iii) Nagarjuna Foundation

Associate to Subsidiary

- (i) Nagarjuna Spawnt Gmbh

Key Management Personnel

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

Relatives of Key Management Personnel.

- (i) Smt. Veda Raju
- (ii) Smt. Kanumuri Lakshmi Raju
- (iii) Smt. Kosuri Lakshmi Raju

Enterprises significantly influenced by Key Management personnel or their relatives

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

32.2. Related party transactions during the year ended March 31, 2014 are as under:

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Mgmt. Personnel and Relatives	Enterprises significantly influenced by Key Management personnel or their relatives
Advances given	569.86 (1,210.49)	Nil (Nil)	Nil (Nil)	173.28 (148.56)
Lease rental received	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.50 (6.00)
Remuneration to key management personnel	Nil (Nil)	Nil (Nil)	133.67 (194.22)	Nil (Nil)
Rent paid	Nil (Nil)	Nil (Nil)	62.78 (56.04)	6.74 (6.74)
Rent received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (0.36)
Donation	Nil (Nil)	132.00 (126.00)	Nil (Nil)	Nil (Nil)

Note: Figures in brackets represent previous year transactions.

Notes forming part of the financial statements for the year ended March 31, 2014

32.3. Balances outstanding at the year end March 31, 2014.

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Mgmt. Personnel and Relatives	Enterprises significantly influenced by Key Management personnel or their relatives
Loans and Advances				
Nagarjuna Industrial Services and Investments Private Limited	3,488.86 (2,919.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Nagarjuna Oil Refinery Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	386.82 (213.53)
Other Assets				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	8.49 (8.03)
Trade Payables				
Smt. K Lakshmi Raju	Nil (Nil)	Nil (Nil)	2.21 (2.21)	Nil (Nil)
Other Current Liabilities				
Key Management Personnel	Nil (Nil)	Nil (Nil)	Nil (60.00)	Nil (Nil)

Note: Figures in brackets represent previous year transactions.

33. Earnings per Share:

Particulars	Unit of Measurement	2013-14	2012-13
Net Profit / (Loss) after tax	(₹ in Lakhs)	(23,910.95)	8,105.87
Number of Equity shares (fully paid up)	(Numbers)	598,065,003	598,065,003
Earnings per share – Basic & Diluted	[1] / [2]	(4.00)	1.36
(Face value of ₹ 1/- per share)			

Note: The Company has no dilutive instruments as at March 31, 2014, as such dilutive earnings per share equals to Basic Earnings per shares.

34. Auditors' Remuneration:

₹ in Lakhs

Particulars	2013-14*	2012-13*
Fee towards:		
Statutory Audit	44.94	44.94
Tax Audit	8.43	9.05
Limited Review	16.86	17.16
Certification and other Services	28.58	26.47
Reimbursement of Expenses	5.62	5.85
Total	104.43	103.47

*Inclusive of Service Tax ₹ 11.49 Lakhs (Previous year ₹ 12.42 Lakhs)

35. Cost of Materials Consumed:

Particulars	2013-14		2012-13	
	%	Value ₹ in Lakhs	%	Value ₹ in Lakhs
Imported	1	672.82	1	755.44
Indigenous	99	70,707.04	99	73,990.49
Total	100	71,379.86	100	74,745.93

36. Value of Stores and Spares Consumed:

Particulars	2013-14		2012-13	
	%	Value ₹ in Lakhs	%	Value ₹ in Lakhs
Imported	23	189.02	10	57.98
Indigenous	77	628.15	90	522.87
Total	100	817.17	100	580.85

Notes forming part of the financial statements for the year ended March 31, 2014

37. CIF value of Imported Goods:

₹ in Lakhs

Particulars	2013-14	2012-13
Spares	1,111.94	991.77
Traded Products	36,671.56	199,128.87
Capital Goods	173.47	465.25
Total	37,956.97	200,585.89

38. Expenditure in Foreign Currency:

₹ in Lakhs

Particulars	2013-14	2012-13
Professional and Consultancy	728.80	1,051.62
Travel and Conveyance	168.44	193.91
Interest	2,405.30	6,095.32
Branch expenses	149.26	50.92
Others	135.26	122.99
Total	3,587.06	7,514.76

39. Payment of Dividend on Equity Shares in Foreign Currency:

Particulars	2013-14	2012-13
Number of non resident shareholders	-	43
Number of shares held	-	13,339,700
Dividend net of taxes (₹ in Lakhs)	-	133.40
Year to which dividend related	-	2011-12

40. Earnings in Foreign Currency:

₹ in Lakhs

Particulars	2013-14	2012-13
Services	773.85	1,352.55
Despatch Money	20.05	76.67
Total	793.90	1,429.22

41. Particulars of Loans and Advances in the nature of Loans as required by clause 32 of the Listing Agreement.

₹ in Lakhs

Name of the company	Balance as at		Maximum outstanding during	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
A Subsidiaries				
Nagarjuna Industrial Services and Investments Private Limited	3,488.86	2,919.00	3,488.86	2,919.00
B Associates				
Nagarjuna Oil Refinery Limited *	386.82	213.53	386.82	213.53
C Advances in the nature of Loans where there is no repayment schedule				
Nagarjuna Industrial Services and Investments Private Limited	3,488.86	2,919.00	3,488.86	2,919.00
Nagarjuna Oil Refinery Limited *	386.82	213.53	386.82	213.53
D Advances in the nature of Loans where no interest is charged or interest is below section 372A of Companies Act, 1956				
Nagarjuna Industrial Services and Investments Private Limited	3,488.86	2,919.00	3,488.86	2,919.00
Nagarjuna Oil Refinery Limited *	386.82	213.53	386.82	213.53
E Advances in the nature of Loans to firms / companies in which directors are interested:	Nil	Nil	Nil	Nil

* Pursuant to the Composite of Scheme of Arrangement and Amalgamation

Notes forming part of the financial statements for the year ended March 31, 2014

42. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	March 31, 2014		March 31, 2013	
		In foreign Currency	₹ in Lakhs	In foreign Currency	₹ in Lakhs
Sundry Debtors	USD	224,466	134.57	303,402	164.69
Cash and Bank Balances	USD	1,739	1.04	275	0.15
	KES	94,847	0.66	100,001	0.64
	SGD	36,304	17.25	0.00	0.00
Advances receivables	USD	198,000	118.70	0.00	0.00
	EUR	435,000	359.21	0.00	0.00
Loans and advances to related parties	EUR	4,225,000	3,488.86	4,200,000	2,919.00
Trade Payables	USD	1,313,010	787.15	3,220,002	1,747.82
	GBP	-	-	0	0.00
	EUR	-	-	30,510	21.20
	KES	-	-	0	0.00
Borrowings	USD	13,004,987	7,796.49	142,943,729	77,589.86

43. The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

Signatories to Notes "1 to 43"

K S Raju
Chairman

For and on behalf of the Board

Chandra Pal Singh Yadav
Viney Kumar
N C B Nath
M P Radhakrishnan
Yogesh Rastogi
V Anish Babu
Directors

Hyderabad
May 29, 2014

M. Ramakanth
Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of
Nagarjuna Fertilizers and Chemicals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give 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:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to following notes to the consolidated financial statements:

- a) Note 23.1 regarding accounting of subsidy under Group Concession Scheme based on the latest notified rate under NPS III with adjustment of input price escalation as detailed in the said note.
- b) Note 28.1 regarding Managerial remuneration. The Company is in the process of obtaining approval from the Central Government.
- c) Note 35 regarding financial statements of one of the subsidiaries being drawn up on a going concern basis considering the approval by the Government of Karnataka for implementation of two projects and prohibition by Hon'ble High Court of Karnataka on Government of Karnataka from dispossessing the land in possession of the Company notwithstanding shelving the project initially planned for the reasons stated in the said note.

Our opinion is not qualified in respect of this matter.

Other Matter

- a) We did not audit the financial statements of a subsidiary whose financial statements reflect Group's share of total assets of ₹ 8,646.32 Lakhs as at March 31, 2014 and Group's share of total revenue of ₹ 377.06 Lakhs and Group's share of net cash flows of ₹ 6.06 Lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of other auditors.
- b) The consolidated financial statements also include the Group's share of net loss of ₹ Nil Lakhs for the year ended March 31, 2014, as considered in the consolidated financial statements, in respect of one associate, based on their unaudited financial statements. Our opinion, in so far as it relates to the amounts included in respect of this associate, is based solely on such unaudited financial statements.

Our report is not qualified in respect of above matters.

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

Hyderabad
May 29, 2014

M.V. Ramana Murthy
Partner
Membership No.206439

Consolidated Balance Sheet As At March 31, 2014

₹ in Lakhs

Particulars	Note	As At March 31, 2014		As At March 31, 2013	
I. EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	6	5,980.65		5,980.65	
(b) Reserves and Surplus	7	210,316.15	216,296.80	232,565.18	238,545.83
Minority Interest			2.84		2.84
Non-Current Liabilities					
(a) Long-Term Borrowings	8	19,177.37		34,600.98	
(b) Deferred Tax Liabilities (Net)	9	8,509.11		19,200.90	
(c) Other Long Term Liabilities	10	14,506.12		4,098.84	
(d) Long-Term Provisions	11	2,041.51	44,234.11	1,865.28	59,766.00
Current Liabilities					
(a) Short-Term Borrowings	12	121,453.71		251,219.25	
(b) Trade Payables	13	87,754.39		40,714.28	
(c) Other Current Liabilities	14	20,839.15		34,017.78	
(d) Short-Term Provisions	11	3,633.41	233,680.66	1,988.58	327,939.89
Total			494,214.41		626,254.56
II. ASSETS					
Non-Current Assets					
(a) Fixed Assets	15				
(i) Tangible Assets		298,763.96		306,696.01	
(ii) Intangible Assets		3,439.80		3,931.20	
(iii) Capital work-in-progress		3,012.49		632.15	
(b) Non-Current Investments	16	-		17.50	
(c) Long-term Loans and Advances	18	3,709.37		4,005.82	
(d) Other Non-Current Assets	22	35.74	308,961.36	445.72	315,728.40
Current Assets					
(a) Inventories	19	25,120.84		24,331.00	
(b) Trade Receivables	20	132,952.92		243,900.97	
(c) Cash and Bank balances	21	9,344.41		32,556.78	
(d) Short-Term Loans and Advances	18	17,469.09		8,698.48	
(e) Other Current Assets	22	365.79	185,253.05	1,038.93	310,526.16
Total			494,214.41		626,254.56
Corporate Information and Significant Accounting Policies	1-3				

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

M.V. Ramana Murthy
Partner

K S Raju
Chairman

Sudhir Bhansali
Chief Financial Officer

For and on behalf of the Board

Chandra Pal Singh Yadav
Viney Kumar
N C B Nath
M P Radhakrishnan
Yogesh Rastogi
V Anish Babu
Directors

Hyderabad
May 29, 2014

M. Ramakanth
Secretary

K Rahul Raju
Managing Director

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

₹ in Lakhs

Particulars	Note	2013-14	2012-13
Income			
Revenue from operations			
Sale of Products (including Subsidy)		344,451.88	547,762.39
Sale of Services		999.70	1,466.91
Other Operating Revenues		249.25	109.18
	23	345,700.83	549,338.48
Less: Excise Duty		857.70	876.81
		344,843.13	548,461.67
Other Income	24	3,607.28	3,522.17
Total		348,450.41	551,983.84
Expenses			
Cost of materials consumed	25	71,379.86	74,745.93
Power and Fuel		47,953.39	45,003.82
Purchase of Traded Products	26	144,382.62	308,514.82
(Increase) / Decrease in Stock	27	1,339.85	(857.17)
Employee Benefits Expense	28	13,691.22	13,157.60
Finance Cost	29	28,174.61	26,423.50
Depreciation and amortization	15	12,614.70	12,310.89
Other expenses	30	40,958.24	56,174.71
Total		360,494.49	535,474.10
Profit / (Loss) before exceptional items and tax		(12,044.08)	16,509.74
Exceptional Items	31	20,561.40	-
Profit / (Loss) before tax		(32,605.48)	16,509.74
Tax Expense			
(a) Current Tax		11.02	7,471.72
(b) Adjustments relating to earlier years		1,631.39	0.00
(c) Deferred Tax	9	(10,691.79)	653.80
Profit / (Loss) after tax before Minority Interest		(23,556.10)	8,384.22
Share of Loss transferred to Minority Interest		-	-
Share of Loss from Associate Company		-	(3.79)
Profit / (Loss) for the year		(23,556.10)	8,380.43
Earnings per equity share of face value of ₹ 1/- each			
Basic and Diluted	36	(3.94)	1.40
Corporate Information and Significant Accounting Policies	1-3		

Accompanying Notes form an integral part of the Financial Statements
As per our report of even date attached

For and on behalf of the Board

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

K S Raju
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M.V. Ramana Murthy
Partner

Hyderabad
May 29, 2014

M. Ramakanth
Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director

Consolidated Cash Flow Statement for the year ended March 31, 2014

₹ in Lakhs

Particulars	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	(32,605.48)	16,509.74
Adjustments:		
Depreciation / Amortisation	12,614.70	12,310.89
Finance Cost	28,174.61	26,423.50
Provision for Diminution in value of Investment	17.50	-
(Profit) / Loss on sale of assets / assets discarded	471.15	(1.62)
Operating Profit before working capital changes	8,672.48	55,242.51
Movements in working capital:		
Increase / (decrease) in trade payables	85,082.26	41,377.98
Increase / (decrease) in buyers / suppliers credit	(167,259.22)	44,880.97
Increase / (decrease) in long term provisions	176.23	425.04
Increase / (decrease) in short term provisions	61.12	(530.26)
Increase / (decrease) in other current liabilities	(497.75)	293.68
Increase / (decrease) in other long term liabilities	549.70	256.72
Decrease / (increase) in trade receivables	110,948.05	(70,315.11)
Decrease / (increase) in inventories	(789.84)	(1,586.56)
Decrease / (increase) in long term loans and advances	(187.00)	(56.03)
Decrease / (increase) in short term loans and advances	(8,770.61)	(1,570.40)
Decrease / (increase) in other current assets	673.14	(609.66)
Cash generated from / (used in) operations	28,658.56	67,808.89
Direct Taxes Paid (net of refunds)	(58.57)	(5,042.95)
Net cash flow from operating activities	28,599.99	62,765.94
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and CWIP	(6,581.06)	(3,646.44)
Margin Money Deposits	12,578.30	(4,784.56)
Fixed Deposits	(1.11)	4.96
Proceeds from Sale of Fixed Assets	21.65	3.71
Foreign Currency Translation Reserve	758.47	62.69
Net cash flow from / (used) in investing activities	6,776.25	(8,359.64)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	1,375.38	24.00
Repayment of short term borrowings	-	(9,494.03)
Repayment of long term borrowings	(17,070.10)	(16,549.83)
Finance cost paid	(30,720.98)	(21,740.08)
Dividend paid	(5.71)	(5,694.95)
Dividend tax paid	-	(970.21)
Net cash flow used in financing activities	(46,421.41)	(54,425.10)
Net Increase / (decrease) in Cash and cash equivalents	(11,045.17)	(18.80)
Cash and cash equivalents as at beginning of the year	17,529.91	17,545.97
Add: on account of Consolidation	-	2.74
Cash and cash equivalents as at end of the year	6,484.74	17,529.91

The Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on CashFlow Statement and presents the cash flows by operating, investing and financing activities.

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

M.V. Ramana Murthy
Partner

Hyderabad
May 29, 2014

M. Ramakanth
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For and on behalf of the Board

Chandra Pal Singh Yadav
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N C B Nath
M P Radhakrishnan
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V Anish Babu
Directors

K Rahul Raju
Managing Director

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

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, 2014 relates to the combined operations of the Company's Fertilizer, Micro Irrigation, Agri Informatic Services and Wind Energy generation businesses.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Principles of Consolidation:

The consolidated financial statements relate to Nagarjuna Fertilizers and Chemicals Limited and its subsidiary companies (together referred to herein as "the Company" or "Group"), and have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and un realised profits or losses on intra group transactions as per Accounting Standards (AS) 21- "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.
- b) In case of associates where the Company directly or indirectly through its subsidiaries holds more than 20% of Equity, Investments in Associates are accounted under the equity method as per Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.
- c) The financial statements of the subsidiaries and the associates used in the consolidation are drawn upto the same reporting date as that of the Company, i.e., March 31, 2014.
- d) The excess of the cost to the Company of its investment in the subsidiaries over the Company's share of equity is recognized in the financial statements as Goodwill and tested for impairment annually.
- e) The excess of the Company's share of equity of the subsidiaries on the acquisition date, over its cost of investment is treated as Capital Reserve.
- f) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the Company. Minority interest in the net assets of consolidated subsidiaries consists of:
 - i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - ii) The minorities' share of movements in the equity since the date the parent subsidiary relationship came into existence.
- g) Minority interest in the net profit / (loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- h) Intra-group balances and intra-group transactions and resulting unrealized profits / losses have been eliminated.
- i) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at monthly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in "Foreign Currency Translation Reserve".
- j) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2.2. Investment in subsidiaries and associates not considered for consolidation have been accounted as per Accounting Standard (AS) 13 – "Accounting for Investments" notified by Companies (Accounting Standards) Rules, 2006.

3. Other Significant Accounting Policies

3.1. Basis of preparation:

The financial statements of the Group are prepared on accrual basis under historical cost convention and in accordance with Generally Accepted Accounting Principles (GAAP) applicable in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

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

3.2. 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 / materialised.

3.3. Fixed Assets:

3.3.1. 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.

3.3.2. 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.

3.4. 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.

3.5. Depreciation on Fixed Assets:

3.5.1. Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 or at higher rates as stated below:

Sl. No.	Description	Schedule XIV Rates	Rates adopted by the Company
1	Computer and IT equipments	16.21%	23.75%
2	Office equipment	4.75%	23.75%
3	Lab equipment	5.28%	31.66%
4	Electronic equipments / Air Conditioners	4.75%	19.00%
5	Vehicles	9.50%	19.00%

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

3.6. Investments:

Investments are classified as Long term and Current. Long term 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.

3.7. 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.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

Foreign branches are classified as integral foreign operations. Assets and Liabilities (both monetary and non monetary) are translated at the closing rate prevailing 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 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..

3.8. 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.

3.9. 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.

3.10. 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.

3.11. Inventories:

The method of valuation of inventories:

3.11.1. 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.

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

3.11.3. Other finished goods, work-in-process, raw materials, stores, spares, packing material and loose tools - at weighted average cost, less provision for depletion in value, if any.

3.12. 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" notified by the Companies (Accounting Standard) Rules, 2006.

3.12.1. Gratuity: In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible Employees. Liability on account of gratuity is covered by a policy with Life Insurance Corporation ('LIC') and the annual contributions are paid / provided in accordance with the scheme.

3.12.2. 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.

3.12.3. 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.

3.12.4. 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.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

3.13. 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.

3.14. Taxes:

3.14.1. Current tax: Provision for current tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.

3.14.2. Deferred Tax: Deferred tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognised and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

3.15. Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20, Earnings per share notified by the Companies (Accounting Standards) Rules, 2006. 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.

3.16. Contingencies:

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 and nor disclosed in the financial statements.

4. Consolidated Accounts:

(a) The subsidiaries considered in the preparation of these consolidated financial statements are:

Particulars	Country of Incorporation	Percentage of voting power	
		March 31, 2014	March 31, 2013
(i) Nagarjuna Industrial Services and Investments Private Limited	Mauritius	100.00%	100.00%
(ii) Jaiprakash Engineering and Steel Company Limited	India	99.84%	99.84%
(iii) Nagarjuna East Africa Limited (step down subsidiary) *	-	-	-

* application filed with Registrar of Companies, Nairobi for striking off the name of the Company from the Register of Companies.

(b) Associates:

The details of associates of the Company as defined in Accounting Standard 23 "Accounting for Investments in associates in consolidated financial statements".

Particulars	Country of Incorporation	Percentage of voting power	
		March 31, 2014	March 31, 2013
(i) Nagarjuna Agricultural Research and Development Institute ¹	India	25.00%	25.00%
(ii) K.V.K.Raju International Leadership Academy ¹	India	42.85%	42.85%
(iii) Nagarjuna Spawnt GmbH	Germany	24.00%	24.00%

¹The investments in associates are not considered for consolidation as the Companies are registered under Section 25 of the Companies Act, 1956. These investments are accounted for in accordance with Accounting Standard 13 – "Accounting for Investments".

5. 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

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

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 has been filed by SEBI in the High Court of Bombay at Mumbai to recall / review and / or set aside the order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The Company is contesting the application, the matter is sub-judice and the High Court of Bombay at Mumbai is hearing the matter.

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

Adjustments, if any, required to the financial statements will be made on final resolution of this matter..

6. Share Capital:

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Authorised				
Equity Shares of ₹ 1/- each	6,210,000,000	62,100.00	6,210,000,000	62,100.00
Preference Shares of ₹ 90/- each	20,000,000	18,000.00	20,000,000	18,000.00
Issued, Subscribed and Paid Up				
Equity Shares of ₹ 1/- each	598,065,003	5,980.65	598,065,003	5,980.65

6.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 1/- each				
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

6.2. 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 amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

6.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity Shares of ₹ 1/- each				
Nagarjuna Corporation Limited	127,068,520	21.25%	127,068,520	21.25%
Nagarjuna Management Services Private Limited ¹	78,592,592	13.14%	78,592,592	13.14%
Nagarjuna Holdings Private Limited 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 ¹	18,298,969	3.06%	18,298,969	3.06%
White Stream Properties Private Limited ¹	3,019,060	0.50%	3,019,060	0.50%
Nagarjuna Staff Betterment Company Private Limited ²	8,723,277	1.46%	-	-

¹Shares held by Nagarjuna Management Services Private Limited, Nagarjuna Holdings Private Limited, Baron Properties Private Limited and White Stream Properties Private Limited yet to be transferred to Nagarjuna Corporation Limited in terms of Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Bombay at Mumbai on September 14, 2012. The equity shares shall be transferred to NCL on the commencement of trading of NFCL equity shares.

²Shares held by Nagarjuna Staff Betterment Company Private Limited (NSB) yet to be transferred to Nagarjuna Corporation Limited (NCL) in terms of Scheme of Amalgamation of NSB into NCL approved by the Hon'ble High Court of Bombay at Mumbai on March 22, 2012 pursuant to which NSB was merged into NCL. The equity shares shall be transferred to NCL on the commencement of trading of NFCL equity shares.

6.4. Aggregate number of shares issued for consideration other than cash

598,065,003 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.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

7. Reserves and Surplus:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Capital Reserve		
Opening Balance	90,843.26	90,843.26
Securities Premium Account		
Opening Balance	109,619.35	109,619.35
Foreign Currency Translation Reserve		
Opening Balance	472.76	385.03
Add: Effect of Foreign exchange variation during the year	1,307.07	87.73
Closing Balance	1,779.83	472.76
Debenture Redemption Reserve		
Opening Balance	3,194.94	4,301.89
Less: Transfer to General Reserve	1,106.95	1,106.95
Closing Balance	2,087.99	3,194.94
General Reserve		
Opening Balance	16,951.69	15,841.90
Add: On account of Consolidation	-	2.84
Add: Transfer from Debenture Redemption Reserve	1,106.95	1,106.95
Closing Balance	18,058.64	16,951.69
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	11,483.18	3,555.69
Add: On account of Consolidation	-	(452.93)
Add: Profit / (Loss) after tax for the year	(23,556.10)	8,380.43
Closing Balance	(12,072.92)	11,483.18
Total	210,316.15	232,565.18

8. Long Term Borrowings:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Debentures (Secured) (Refer Note 8.1)				
1,53,30,000 Debentures 15% Redeemable Non-convertible of ₹ 100/- each	2,715.17	5,656.61	2,941.44	2,941.44
30,00,000 Debentures 14.5% Redeemable Non-convertible of ₹ 100/- each	360.00	750.00	390.00	390.00
80,00,000 Debentures 15% Redeemable Non-convertible of ₹ 100/- each	264.02	645.37	381.36	381.36
25,00,000 Debentures 15% Redeemable Non-convertible of ₹ 100/- each	225.00	550.00	325.00	325.00
30,00,000 Debentures 13.25% Redeemable Non-convertible of ₹ 100/- each	360.00	750.00	390.00	390.00
	3,924.19	8,351.98	4,427.80	4,427.80
Term Loans (Secured)				
From Banks				
In Rupees (Refer Note 8.2)	4,477.75	12,254.59	8,443.49	8,859.94
In Foreign Currency (Refer Note 8.2 and 8.4)	5,148.70	6,794.42	2,355.45	1,861.28
From Others (Refer Note 8.2 and 8.3)				
In Rupees	1,742.91	2,674.77	1,471.16	1,555.40
Deferred Payment Liabilities (Unsecured) (Refer Note 8.5)				
Sales tax Deferral	3,883.82	4,525.22	641.39	905.99
Total	19,177.37	34,600.98	17,339.29	17,610.41
The above amount includes:				
Secured Borrowings	15,293.55	30,075.76	16,697.90	16,704.42
Unsecured Borrowings	3,883.82	4,525.22	641.39	905.99
Amount disclosed under the head "Other Current Liabilities" (Refer Note 14)	-	-	(17,339.29)	(17,610.41)
Net amount	19,177.37	34,600.98	-	-

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

8.1. Debentures (Secured):

- 8.1.1.** The debentures 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 and assets given on lease with exclusive charge in favour of the funding institution.

- 8.1.2.** The details of rate of interest and redemption of debentures are as under.

Non convertible Debentures of ₹ 100/- each

Bank / Institution	No. of Debentures	Effective Rate of interest %	Repayment Schedule
ICICI Bank Ltd	15,330,000	I Base +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	8,000,000	12.75	41 Structured Quarterly Installments commencing from March 2006.
IFCI	2,500,000	12.75	41 Structured Quarterly Installments commencing from March 2006.
LIC of India	3,000,000	11.50	41 Structured Quarterly Installments commencing from March 2006.

There are no overdue installments as at the year end.

- 8.1.3.** The Company has created debenture redemption reserve for the above redeemable non-convertible debentures.

8.2. Term Loans – In Rupees and in Foreign currency from Banks and Financial institutions :

- 8.2.1.** Term loans 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 ranking pari-passu, inter se, the lenders;
- a second charge on the current assets of the Company; and
- a charge created through an equitable mortgage by deposit of title deeds of certain specified immovable properties of the Company other than those mentioned in Note 8.4.1.

- 8.2.2.** Further secured by pledge of 22,561,693 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.

- 8.2.3.** All the Term Loans from Institutions and Banks, Counter Guarantees from banks are guaranteed by Shri K.S.Raju, Chairman of the Company.

- 8.2.4.** The details of rate of interest and repayment of Term Loans are as under:

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2014	Repayment Schedule		
			Number of Installments	Frequency	Commencing from
Rupee Loans - Bank					
IDBI Bank Ltd	BBR +2.25	7,387.76	41 *	Quarterly	Mar-06
IDBI Bank Ltd	BBR +2.50	1,250.15	12	Quarterly	Jan-12
IDBI Bank Ltd	12.40	2,500.00	20	Quarterly	Oct-11
State Bank of India	13.95	1,450.00	20	Quarterly	Dec-11
ICICI Bank Ltd	I Base + 4.00	333.33	12	Quarterly	Apr-12
Total		12,921.24			
Foreign Currency Loan - Bank					
ICICI Bank - Hongkong	6 Month Libor + 2.00	2,398.00	10	Half Yearly	Feb-11
Rupee Loans - Institution					
IFCI	12.75	1,642.70	41 *	Quarterly	Mar-06
LIC	11.50 *	22.36	41 *	Quarterly	Mar-06
SICOM	11.50 *	749.02	41 *	Quarterly	Mar-06
Total		2,414.08			

* as per CDR package.

There are no overdue installments as at the year end.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

8.3. Term Loans – In Rupees from Others

8.3.1. 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.

8.3.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2014	Repayment Schedule
Department of Bio Technology	2	720.00	10 Semi annual Installments commencing from October 31, 2014
Department of Bio Technology	2	80.00	10 Semi annual Installments commencing from June 30, 2014

There are no overdue installments as at the year end.

8.4. Term Loans – In Foreign Currency from Banks:

8.4.1. 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

8.4.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Bank / Financial Institutions	Rate of Interest %	Balance as on March 31, 2014	Repayment Schedule
ICICI Bank - HongKong	6 Month Libor +5.80	5,106.16	15 Half Yearly Installments commencing from February, 2012

There are no overdue installments as at the year end.

8.5. 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, 2014 is ₹ 8,305.54 Lakhs (Previous Year ₹ 9,211.53 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012. There are no overdue instalments as at the year end.

9. Deferred Tax Liabilities (Net):

Deferred Tax Liability as at year end in respect of timing differences comprises the following:

₹ in Lakhs

Particulars	Nature	March 31, 2014	March 31, 2013
On account of Depreciation / amortization	Liability	19,010.92	20,038.03
On account of Employee benefit provision	Asset	815.81	735.13
On account of Unabsorbed Business Loss / Depreciation	Asset	6,296.71	-
On account of Disallowances u/s 43B	Asset	3,321.29	-
On account of Amalgamation expenses	Asset	68.00	102.00
Total	Net Liability	8,509.11	19,200.90
Charge / (credit) for the year		(10,691.79)	653.80

10. Other Long Term Liabilities:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Deposits from dealers	4,464.47	3,941.11
Other Deposits - (Retention, EMD etc.)	184.07	157.73
Recompense payable (Refer Note 10.1)	9,857.58	-
Total	14,506.12	4,098.84

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

10.1. The company was sanctioned a Debt Restructuring Package (including working capital) under Corporate Debt Restructuring (CDR) scheme on February 20, 2004 effective from April 01, 2003.

Subsequently, as the Company's performance improved, the Company made an application to CDR cell on January 25, 2010 for the exit from CDR package. During the year CDR-EG has approved the Company's exit from CDR, with a payment of recompense amount of ₹ 18,041.00 Lakhs. The Company had earlier deposited ₹ 8,000.00 Lakhs, which along with the interest of ₹ 1,352.80 Lakhs, has been distributed among the CDR lenders. For balance, the Company has proposed to issue 10.25% per annum bonds, which are redeemable in 18th, 30th and 42nd months from the date of exit of CDR package. The lenders have communicated their consent for settlement of recompense amount by issuance of bonds vide letter dated May 6, 2014.

11. Provisions:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for employee benefits				
- Leave Benefit	2,041.51	1,865.28	70.06	77.30
- Gratuity	-	-	288.57	220.21
Provision for Taxation (net of Advance Tax ₹ 13,901.84 Lakhs (previous year ₹ 23,172.56 Lakhs)	-	-	3,274.78	1,691.07
Total	2,041.51	1,865.28	3,633.41	1,988.58

12. Short Term Borrowings:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Loans repayable on demand		
Secured		
From Banks		
In Rupees - Cash Credit	85,071.08	71,077.40
In Rupees - Short Term Loan	23,500.00	-
In Foreign Currency - Suppliers / Buyers Credit	12,882.63	180,141.85
Total	121,453.71	251,219.25

12.1. 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 guaranteed by Shri K.S.Raju, Chairman of the Company.

13. Trade Payables:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Trade Payables - Other than Acceptances	87,754.39	40,714.28

13.1. Based on the information available with the Company, there are no dues / interest outstanding to Micro, Small and Medium Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2014 (Previous Year : Nil)

14. Other Current Liabilities:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Current maturities of long term debt (Refer Note 8)	17,339.30	17,610.41
Interest accrued but not due	430.40	12,834.35
Unclaimed Dividends (Refer Note 14.1)	661.96	667.67
Other payables		
Statutory Payables	678.50	1,744.69
Deposits	151.95	152.12
Others	1,176.81	602.71
Payable on purchase of fixed assets	400.23	405.83
Total	20,839.15	34,017.78

14.1. There are no amounts due for payment to the Investor Education Protection Fund as at Balance Sheet date.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

15. Fixed assets:

₹ in Lakhs

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at March 31, 2013	Additions during the year	Deductions/ Adjustments during the year	As at March 31, 2014	Upto March 31, 2013	For the year	Deducti- ons/ Adjust- ments	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Land	116,112.70	71.59	17.35	116,166.94	-	-	-	-	116,166.94	116,112.70
Buildings	14,546.72	139.51	-	14,686.23	778.47	394.25	-	1,172.72	13,513.51	13,768.25
Plant & Equipments	195,346.47	4,159.61	536.64	198,969.44	21,530.78	11,316.17	63.80	32,783.15	166,186.29	173,815.69
Furniture, Fixtures & Office Equipment	1,457.96	301.16	4.68	1,754.44	457.53	275.87	2.12	731.28	1,023.16	1,000.43
Vehicles	406.33	12.18	0.12	418.39	131.06	77.90	0.07	208.89	209.50	275.27
Roads, Drains & Culverts	908.81	-	-	908.81	29.15	14.81	-	43.96	864.85	879.66
Railway Siding	932.61	-	-	932.61	88.60	44.30	-	132.90	799.71	844.01
Total	329,711.60	4,684.05	558.79	333,836.86	23,015.59	12,123.30	65.99	35,072.90	298,763.96	306,696.01
Previous Year	327,543.80	2,171.59	3.79	329,711.60	11,197.80	11,819.49	1.70	23,015.59	306,696.01	316,346.00
Intangible Assets										
Trade Marks & Services	4,914.00	-	-	4,914.00	982.80	491.40	-	1,474.20	3,439.80	3,931.20
Total	4,914.00	-	-	4,914.00	982.80	491.40	-	1,474.20	3,439.80	3,931.20
Previous Year	4,914.00	-	-	4,914.00	491.40	491.40	-	982.80	3,931.20	4,422.60

15.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹ 68.75 Lakhs (Previous Year ₹ 49.26 Lakhs).

15.2. Additions to Plant & Equipments during the year include ₹ 999.37 Lakhs (Previous Year ₹ 540.40 Lakhs) foreign exchange loss arising on account of restatement of foreign currency loan.

15.3. Land & Buildings

- Includes 5 acres, the possession of which is yet to be taken, title under dispute.
- Includes 45.04 acres attached by Govt. of Andhra Pradesh in terms of GO Ms No.158 dt. March 16, 2009. The Company has filed a writ petition in the High Court of Andhra Pradesh challenging the notification of the Govt. of Andhra Pradesh.
- 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.
- Excludes value of 14.06 acres pending completion of alienation and handing over possession by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.

16. Non Current Investments - Unquoted (At Cost):

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Long Term				
In Associates				
In Equity Shares of ₹ 10/- each fully paid up				
Nagarjuna Agricultural Research and Development Institute	25020	2.50	25020	2.50
KVK Raju International Leadership Academy	150000	15.00	150000	15.00
In Shares of Euros 1 each fully paid up				
Nagarjuna Spawnt GmBH	6000	-	6000	-
Total		17.50		17.50
Less: Provision for diminution in value of Investment		17.50		-
		-		17.50
Aggregate cost of Quoted Investments		-		-
Aggregate cost of Un-Quoted Investments		17.50		17.50
Aggregate Market Value of Quoted Investments		-		-

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

17. 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 payment of ₹ 3,053.65 Lakhs. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to reimburse the cost with a condition as and when KIADB receive request, JESCO lands will be offered and upon acceptance by potential investor amounts will be refunded to JESCO. As at the year end, JESCO is in possession of 548.70 acres of land. Hence in the opinion of the management there is no diminution in the value of investment.

18. Loans and Advances:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital Advances				
Secured (considered good)	132.56	506.31	-	-
Unsecured (considered good)	751.43	861.01	-	-
Total - (A)	883.99	1,367.32	-	-
Loans and Advances - Unsecured (considered good)				
Security Deposits	669.60	656.43	100.06	89.48
Deposit with KIADB - Land (Refer Note 17)	1,759.47	1,763.20	-	-
Loans and advances to related parties	386.82	213.53	8,620.61	6,938.14
Advance Recoverable in Cash or in Kind	-	-	7,650.35	1,295.18
Prepaid Expenses	9.17	5.34	1,052.28	329.06
Loans to Employees	-	-	3.42	5.08
Balance with Customs Authorities	0.32	-	39.64	39.42
Claims receivable	-	-	2.73	2.12
Total - (B)	2,825.38	2,638.50	17,469.09	8,698.48
Total (A+B)	3,709.37	4,005.82	17,469.09	8,698.48

19. Inventories:

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Raw materials	333.18	611.14
Work in process	81.84	53.31
Finished Goods - Manufactured goods	1,657.25	3,216.29
Stock In Transit - Manufactured goods	73.34	318.64
Traded goods	17,746.02	16,924.22
Stock In Transit - Traded goods	39.11	424.95
Packing materials	828.91	759.79
Stores and Spares	4,353.94	2,013.01
Loose tools	7.25	9.65
Total	25,120.84	24,331.00

20. Trade Receivables: (Unsecured) (Refer Note 20.1)

₹ in Lakhs

Particulars	March 31, 2014	March 31, 2013
Debts outstanding over six months		
Considered good	22,350.45	14,119.80
Considered doubtful	333.71	248.35
Other debts considered good	110,602.47	229,781.17
	133,286.63	244,149.32
Less: Provision for doubtful debts	333.71	248.35
Total	132,952.92	243,900.97

- 20.1. Includes subsidy and other dues ₹ 89,606.89 Lakhs (Previous Year ₹ 164,109.89 Lakhs) from Government of India and ₹ 8,747.95 Lakhs (Previous Year ₹ 8,487.63 Lakhs) from State Governments.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

21. Cash and Bank Balances:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Cash and Cash equivalents				
Cash on hand	-	-	15.89	17.48
Balances with Banks				
Earmarked balances with Banks				
Deposits with Original Maturity of less than three months	-		371.95 ²	8,596.87 ¹
Unclaimed Dividend	-	-	661.96	667.67
in Current Accounts	-	-	801.96	4,662.39
Cheques, drafts on hand	-	-	4,632.98	3,585.50
			6,484.74	17,529.91
Other Bank Balances				
Deposits with original maturity more than 3 months	-	-	14.08	12.96
Margin Money Deposits	35.74	445.72	2,845.59	15,013.91
Amount disclosed under "Other Non Current Assets" (Refer Note 22)	(35.74)	(445.72)	-	-
Total	-	-	9,344.41	32,556.78

¹ represents deposits in the name of the Company which are under lien to IDBI Bank Limited, with an absolute right to appropriate the deposits towards recompense payable by the Company.

² represents amount deposited in pursuance of Notification issued by Ministry of Corporate Affairs, vide Circular No. 04/2013, dated February 11, 2013.

22. Other Assets:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Non current Bank balances (Refer Note 21)	35.74	445.72	-	-
Other Receivables (considered good)	-	-	179.78	8.95
Interest Accrued on Deposits	-	-	163.49	1,011.53
Unbilled Revenue	-	-	22.51	18.45
Total	35.74	445.72	365.79	1,038.93

23. Revenue from Operations:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Sales, including Subsidy on products		
Manufactured goods		
Urea (Refer Note 23.1) *	171,517.00	186,792.50
Customised Fertilizers	3,879.79	1,199.28
Wind Energy	751.59	913.31
Extruded Irrigation systems	18,202.62	16,514.29
PVC Pipes	47.99	172.64
Total (A)	194,398.99	205,592.02
Traded goods		
Pool Urea	87,199.44	92,414.98
Bulk Fertilizers @	37,570.57	231,938.77
Specialty Fertilizers	8,133.42	8,632.67
Others	17,149.46	9,183.95
Total (B)	150,052.89	342,170.37
Total (A+B)	344,451.88	547,762.39
Sale of Products		
Sale of Services - Manpower	999.70	1,466.91
Other Operating revenues (sale of scrap, etc.)	249.25	109.18
Total	345,700.83	549,338.48

* including Government Subsidy ₹ 95,033.34 Lakhs (Previous Year ₹ 106,255.27 Lakhs)

@ including Government Subsidy ₹ 13,457.66 Lakhs (Previous Year ₹ 93,086.95 Lakhs)

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

23.1. Group Concession Scheme – (GCS) Subsidy

Nitrogenous fertilizers (Urea) are under the Group Concession Scheme as per New Pricing Scheme announced by the Government of India, Department of Fertilizers vide their letter dated March 08, 2007 to be implemented for the period from October 01, 2006 to March 31, 2010 (NPS-III) which has further been extended from April 01, 2010 until further orders. The Concession Rate for Plant-1 and Plant-2 for the period April 01, 2013 to March 31, 2014 has been recognized based on the latest notified rates under NPS-III and further adjusted with input price de-escalation aggregating to ₹ 597.86 Lakhs (Previous Year ₹ 614.85 Lakhs) as estimated by the Management.

Pending finalisation of “Net Gain” and “IPP benefit” as per the Government policies for Production and Sale of Urea beyond 100% re-assessed capacity, the Company has estimated the Net Gain and IPP benefit in accordance with the known policy parameters in this regard.

Adjustments if any, on notification of final prices under the scheme will be considered in the year in which notifications are received.

24. Other Income:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Interest on Bank Deposits and others	2,329.85	2,234.37
Grants in Aid (Refer Note 24.1)	100.00	-
Other non-operating income	1,177.43	1,287.80
Total	3,607.28	3,522.17

24.1. Represents revenue grant received from Department of Bio Technology towards Process Development Unit and Rare Sugar Production for in-house Research and Development.

25. Cost of Materials consumed:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Natural Gas	52,593.28	58,706.50
Plastic Granules	8,545.66	7,461.73
PVC resin	2,683.82	1,489.79
Others	1,842.39	1,526.26
Packing Material	5,714.71	5,561.65
Total	71,379.86	74,745.93

26. Purchases of Traded Products:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Pool Urea	77,929.88	101,732.29
Bulk Fertilizers	32,315.71	192,984.18
Specialty Fertilizers	6,186.09	5,212.92
Packing Material	783.08	1,965.49
Others	27,167.86	6,619.94
Total	144,382.62	308,514.82

27. (Increase) / Decrease in Stock:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Inventories at the end of the year		
Traded goods	17,785.14	17,349.17
Finished Goods	1,730.58	3,534.93
Work in Process	81.84	53.31
Total - (A)	19,597.56	20,937.41
Inventories at the beginning of the year		
Traded goods	17,349.17	17,472.93
Finished Goods	3,534.93	2,511.42
Work in Process	53.31	95.89
Total - (B)	20,937.41	20,080.24
Total - (A-B)	1,339.85	(857.17)

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

28. Employee Benefits Expense:

₹ in Lakhs

Particulars	2013 - 14	2012 - 13
Salaries and Wages	11,657.69	10,858.03
Contribution to Provident and Other Funds	1,031.99	1,356.54
Staff Welfare Expenses	1,001.54	943.03
Total	13,691.22	13,157.60

28.1. The remuneration to Chairman and Managing Director have been approved by the Shareholders at the Annual General Meeting held on August 31, 2012 by passing a special resolution and the Company has complied with the provisions of Section IIC of Part II of Schedule XIII of the Companies Act, 1956 while approving the said remuneration during the year 2011-12. As the Company has defaulted in repayment of debts or debentures or interest payable there on in certain cases during the year 2012-13; the Company is in the process of obtaining approval from the Central Government to comply with the provisions of Schedule XIII of the Companies Act, 1956.

29. Finance cost:

₹ in Lakhs

Particulars	2013-14	2012-13
Interest Expense		
Term Loans	3,798.80	9,576.46
Debentures	1,360.25	1,824.33
Short term borrowings	16,159.92	8,549.44
Other borrowing costs	6,381.49	6,314.42
Interest on shortfall in payment of Advance Tax	474.15	158.85
Total	28,174.61	26,423.50

30. Other Expenses:

₹ in Lakhs

Particulars	2013-14	2012-13
Catalysts charge	74.75	-
Chemicals and consumables	1,065.11	1,029.43
Excise Duty on Inventory	(15.22)	11.98
Rent	924.99	824.90
Rates and Taxes	1,676.76	698.81
Electricity and Water	210.35	154.86
Stores and Spares Consumed	817.17	580.85
Repairs and Maintenance		
Buildings	55.26	109.56
Plant and Machinery	954.25	549.98
Others	667.80	554.89
Insurance	569.93	688.56
Printing and Stationery	122.36	112.89
Postage, Telephone and Telex	257.32	286.89
Travelling and Conveyance	1,547.55	1,554.72
Advertisement and Publicity	998.01	1,079.42
Employee Recruitment and Training	35.07	60.30
Legal, Secretarial and Share Registry	526.14	354.43
Professional and Consultancy	1,641.13	1,814.21
Directors Sitting Fees	13.99	9.16
Loss on Sale of Assets / Assets discarded	471.15	-
Auditors' remuneration	107.76	106.30

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

₹ in Lakhs

Particulars	2013-14	2012-13
Donations	136.05	132.77
Transport and Handling	24,104.90	34,967.98
Distribution	2,368.54	2,233.48
Sales Commission	742.23	757.71
Bad Debts / Advances written off	0.72	4.12
Provision for doubtful debts / advances	85.37	54.34
Provision for diminution in value of Investment	17.50	-
Loss on foreign currency transactions	-	6,571.70
Miscellaneous	781.30	870.47
Total	40,958.24	56,174.71

31. The exceptional items include Loss on foreign currency transactions ₹ 14,539.06 Lakhs and provision for recompense payable to CDR lenders on exit of CDR ₹ 6,022.34 Lakhs.

32. Contingent Liabilities and Commitments:

32.1. Contingent Liabilities not provided for:

- 32.1.1.** Counter guarantees given to Bankers in respect of Bank guarantees ₹ 1,814.63 Lakhs (Previous year ₹ 9,589.33 Lakhs).
- 32.1.2.** Income Tax matters under disputes ₹ Nil (Previous year ₹ 1,278.47 Lakhs).
- 32.1.3.** Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained.
- 32.1.4.** Claims against the Company not acknowledged as debts ₹ 7,498.53 Lakhs including ₹ 5,400.06 Lakhs disputed Excise Duty on subsidy which is not tenable as per the legal opinion. (Previous year ₹ 1,025.85 Lakhs).

32.2. Commitments:

- 32.2.1.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 3,004.03 Lakhs (Previous year ₹ 6,078.74 Lakhs).
- 32.2.2.** In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Ltd (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.

33. 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.

34. Related party transactions:

34.1. Names of related parties and description of relationship.

Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited
- (ii) Nagarjuna Industrial Services and Investments Private Limited (NIS IPL) (previously known as Nagarjuna Mauritius Private Limited)

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

Step down Subsidiaries

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

* application filed with Registrar of Companies, Nairobi for striking off the name of the company from the Register of Companies.

Associates

- (i) Nagarjuna Agricultural Research and Development Insititute
- (ii) KVK Raju International Leadership Academy
- (iii) Nagarjuna Foundation

Associate to Subsidiary

- (i) Nagarjuna Spawnt GmbH

Key Managerial Personnel

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

Relatives of Key Managerial Personnel.

- (i) Smt. Veda Raju
- (ii) Smt. Kanumuri Lakshmi Raju
- (iii) Smt. Kosuri Lakshmi Raju

Enterprises significantly influenced by Key Managerial personnel or their relatives

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

34.2 Related party transactions during the year ended March 31, 2014 are as under:

₹ in Lakhs

Nature of transaction	Associates	Associate to Subsidiary	Key Managerial Personnel and Relatives	Enterprises significantly influenced by Key Managerial personnel or their relatives
Advances given	Nil (Nil)	1,305.42 (1,258.97)	Nil (Nil)	173.28 (148.56)
Interest Income on loan given	Nil (Nil)	377.04 (294.37)	Nil (Nil)	Nil (Nil)
Lease rental received	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.50 (6.00)
Remuneration to key managerial personnel	Nil (Nil)	Nil (Nil)	133.67 (194.22)	Nil (Nil)
Rent paid	Nil (Nil)	Nil (Nil)	62.78 (56.04)	6.74 (6.74)
Rent received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (0.36)
Donation	132.00 (126.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Note: Figures in brackets represent previous year transactions.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

34.3 Balances outstanding at the year end March 31, 2014.

₹ in Lakhs

Nature of transaction	Associates	Associate to Subsidiary	Key Managerial Personnel and Relatives	Enterprises significantly influenced by Key Managerial personnel or their relatives
Loans and Advances				
Nagarjuna Spawnt GmBH	Nil (Nil)	8,620.61 (6,938.14)	Nil (Nil)	Nil (Nil)
Nagarjuna Oil Refinery Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	386.82 (213.53)
Other Assets				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	8.49 (8.03)
Trade Payables				
Smt. K Lakshmi Raju	Nil (Nil)	Nil (Nil)	2.21 (2.21)	Nil (Nil)
Other Current Liabilities				
Key Managerial Personnel	Nil (Nil)	Nil (Nil)	Nil (60.00)	Nil (Nil)

Note: Figures in brackets represent previous year transactions.

35. 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 payment of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to reimburse the cost with a condition as and when KIADB receive request, JESCO lands will be offered and upon acceptance by potential investor amounts will be refunded to JESCO. As at the year end, JESCO is in possession of 548.70 acres of land.

The Company has applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government during the year in the balance land held by the Company. 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 to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition in the Hon'ble High Court of Karnataka challenging the above cited GO and the Court has granted interim stay.

Pending crystallization of plans and considering the above said developments during the year, the Financial Statements of the Company for the year have been prepared on going concern basis, notwithstanding that the project initially planned has been shelved.

Notes forming part of the Consolidated financial statements for the year ended March 31, 2014

36. Earnings per Share:

S.No.	Particulars	Unit of Measurement	2013-14	2012-13
1.	Net Profit / (Loss) after tax	(₹ in Lakhs)	(23,556.10)	8,384.22
2.	Number of Equity shares (fully paid up)	(Numbers)	598,065,003	598,065,003
3.	Earnings per share – Basic & Diluted (Face value of ₹ 1/- per share)	[1] / [2]	(3.94)	1.40

Note: The Company has no dilutive instruments as at March 31, 2014, as such dilutive earnings per share equals to Basic Earnings per share.

37. The figures for the previous year have been restated / regrouped, wherever necessary, to conform to current year classification.

Signatories to Notes “1 to 37”

For and on behalf of the Board

K S Raju
Chairman

Chandra Pal Singh Yadav
Viney Kumar
N C B Nath
M P Radhakrishnan
Yogesh Rastogi
V Anish Babu
Directors

Hyderabad
May 29, 2014

M. Ramakanth
Secretary

Sudhir Bhansali
Chief Financial Officer

K Rahul Raju
Managing Director



Nagarjuna Fertilizers and Chemicals Limited

Regd. Office : D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

8th Annual General Meeting at 10.00 A.M. on September 26, 2014
at Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073.

ADMISSION SLIP

Folio No. / DP ID and Client ID.....Shares Held.....

Please tick whether Member / Joint holder / Proxy

Member's or Proxy's Signature.....

Note: Shareholder / Proxy must bring the Admission Slip to the Meeting and hand it over at the entrance duly signed.



Nagarjuna Fertilizers and Chemicals Limited

D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

CIN : U24129AP2006PLC076238

PROXY FORM

Name of the member(s):

Registered Address :

Email Id:

Folio No./DP ID & Client ID

DP ID :

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name : _____

Address : _____

Email Id : _____

Signature : _____ or failing him

2. Name : _____

Address : _____

Email Id : _____

Signature : _____ or failing him

3. Name : _____

Address : _____

Email Id : _____

Signature : _____ or failing him

----- ✂ ----- ✂ -----

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8th Annual General Meeting of the company, to be held on the 26th day of September 2014 at 10.00 hours at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 and at any adjournment thereof in respect of such resolution as are indicated below :

Ordinary Business	
1. Adoption of financial statements for the year ended March 31, 2014 and the Directors Report and Auditors Report thereon	8. Re-appointment of Shri K S Raju as Director and Chairman and payment of remuneration for a period of three years with effect from August 1, 2014
2. Appointment of Shri Chandra Pal Singh Yadav, who retires by rotation	9. Re-appointment of Shri K Rahul Raju as Managing Director and payment of remuneration for a period of three years with effect from August 1, 2014
3. Appointment of M/s. M Bhaskara Rao & Co as Statutory Auditors of the company	10. Appointment of Dr N C B Nath as an Independent Director
Special Business	
4. Approval of remuneration paid to Shri K S Raju for the year 2013-2014	11. Appointment of Shri S R Ramakrishnan as an Independent Director
5. Approval of remuneration paid to Shri K S Raju for the period April 1, 2014 to July 31, 2014	12. Approval of remuneration payable to Cost Auditor Shri Dantu Mitra, for the financial year 2014-2015.
6. Approval of remuneration paid to Shri K Rahul Raju for the year 2013-2014	13. Approval for making contribution to Nagarjuna Foundation for an amount not exceeding ₹ 2 Crores during the financial year 2014-15. (Related Party Transaction)
7. Approval of remuneration paid to Shri K Rahul Raju for the period April 1, 2014 to July 31, 2014	

Signed this ____ day of _____ 20____.

Signature of shareholder

Signature of Proxy holder(s)



Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 Hours before the commencement of the Meeting.

INSTRUCTIONS ON E-VOTING

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "**Nagarjuna Fertilizers and Chemicals Limited**" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the address label pasted on the Annual Report and / or in the email sent to members) in the PAN field. In case the sequence number is less than 8 digits prefix sufficient number of 0's before the number after the first two characters of the name. E.g. If your name is Ramanathan with sequence number 1234 then enter RA00001234 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. # Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the DP ID and Client id / folio number in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for "**Nagarjuna Fertilizers and Chemicals Limited**" to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on September 21, 2014 at 9.00 AM and ends on September 23, 2014 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 16, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

INSTRUCTIONS FOR FILLING THE BALLOT FORM

1. A Member desiring to exercise vote by ballot form may complete the ballot form and send it to the Scrutinizer, appointed by the Company Mr. C S S Krishna, Partner, M/s. K B G Associates, Company Secretaries at Flat No. 101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar, Domalguda, Hyderabad - 500 029.
2. In case of shares held by companies, trusts, societies etc., the duly completed ballot form should be signed by a person authorised and accompanied by a certified true copy of the resolution indicating the authorisation.
3. Unsigned Ballot Forms will be rejected.
4. Duly completed Ballot Form should reach the Scrutinizer not later than 5.00 P.M. on September 22, 2014, Monday, at the address mentioned in point No. 1 above.
5. The Scrutinizer's decision on the validity of a Ballot Form will be final.



Nagarjuna Fertilizers and Chemicals Limited

Regd. Office : D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

BALLOT FORM

(The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the notice by sending the duly filled and signed Ballot Form to the Scrutinizer, Mr. CSS Krishna, Partner, M/s. K B G Associates, Company Secretaries at Flat No. 101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar, Domalguda, Hyderabad - 500 029 so as to reach him on or before 5.00 P.M. on September 22, 2014.

Sl. No.	Particulars	Details
1.	Name of the First Named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Folio No./ DP ID & Client ID	
4.	No of shares held	

I/ We hereby exercise my/ our vote in respect of Ordinary/Special Resolution enumerated below by recording my/ our assent or dissent to the said resolution by placing tick (✓) mark at the appropriate box below :

Item No	Resolution	I/ We assent to the resolution	I/ We dissent from the resolution
1	Adoption of financial statements for the year ended March 31, 2014 and the Directors Report and Auditors Report thereon		
2	Appointment of Shri Chandra Pal Singh Yadav, who retires by rotation		
3	Appointment of M/s. M Bhaskara Rao & Co as Statutory Auditors of the company		
4	Approval of remuneration paid to Shri K S Raju for the year 2013-2014		
5	Approval of remuneration paid to Shri K S Raju for the period April 1, 2014 to July 31, 2014		
6	Approval of remuneration paid to Shri K Rahul Raju for the year 2013-2014		
7	Approval of remuneration paid to Shri K Rahul Raju for the period April 1, 2014 to July 31, 2014		
8	Re-appointment of Shri K S Raju as Director and Chairman and payment of remuneration for a period of three years with effect from August 1, 2014		
9	Re-appointment of Shri K Rahul Raju as Managing Director and payment of remuneration for a period of three years with effect from August 1, 2014		
10	Appointment of Dr N C B Nath as an Independent Director		
11	Appointment of Shri S R Ramakrishnan as an Independent Director		
12	Approval of remuneration payable to Cost Auditor Shri Dantu Mitra, for the financial year 2014-2015.		
13	Approval for making contribution to Nagarjuna Foundation for an amount not exceeding Rs.2 Crores during the financial year 2014-15. (Related Party Transaction)		

Place :

Date

(Signature of the shareholder)





BOOK POST



If undelivered, please return to
Nagarjuna Fertilizers and Chemicals Limited / Investors Services Cell
Plot No. I, Nagarjuna Hills, Punjagutta, Hyderabad-500 082, Telangana, India

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