

# Corporate Governance Report

(Annexure to 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
- Policy on Board Evaluation
- Policy on Nomination and Remuneration
- Policy for determining Material Subsidiaries

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, 2015.

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 consists of an optimum combination of Executive, Non Executive Directors and Independent Directors from eminent and diverse fields including one woman Director.

The members of the Board of Directors of the Company include nominees of IDBI Bank Limited, IFCL Limited, ICICI Bank Limited, State Bank of India and our co-promoters Krishak Bharathi Cooperative Limited and nominees of core promoter companies.

The Board believes that the current size is appropriate based on the present circumstances and periodically evaluates the need for change in composition and size of the Board. The Company needs to appoint additional independent directors 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, 2015.

Category	No. of Directors	% of total No. of Directors
Executive Directors	2	18.18%
Non-Executive Directors	1	9.09%
Nominee Directors	4	36.36%
Independent Directors	4	36.36%

#### DIRECTORS ATTENDANCE AND DIRECTORSHIP HELD

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

The 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 2014-15.

Directors	DIN No.	Attendance Particulars			Committee of Board of NFCL	No. of Board, Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt, Sec 8 Companies of Companies Act, 2013 etc			
		Board Meeting		Attended Last AGM held on September 26, 2014		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
<b>INDEPENDENT</b>									
Dr. N. C. B Nath	00026509	5	5	Yes	<ul style="list-style-type: none"> <li>Audit</li> <li>Nomination and Remuneration</li> <li>Stakeholders Relationship</li> <li>Management</li> </ul>	—	1	3	1
Mr. S. R. Ramakrishnan	00015839	5	3	Yes	<ul style="list-style-type: none"> <li>Audit</li> <li>Nomination and Remuneration</li> <li>Management</li> </ul>	1	2	2	6
Mr. D Ranga Raju @	00066546		NA	NA	Nil	-	6	-	6
Ms. Lalitha Raghuram @@	07161344		NA	NA	• Audit Committee	-	1	-	1
<b>NON EXECUTIVE</b>									
Mr. Chandra Pal Singh Yadav*	00023382	5	2	Yes	Nil	6	8	3	1
<b>NOMINEE</b>									
Mr. M. P. Radhakrishnan	00129222	5	5	Yes	<ul style="list-style-type: none"> <li>Management</li> <li>Stakeholders Relationship</li> <li>Investment</li> <li>Nomination and Remuneration</li> </ul>	-	-	-	-
Mr. Viney Kumar*	00191129	5	2	No	<ul style="list-style-type: none"> <li>Audit</li> <li>Investor Grievance</li> <li>Management</li> </ul>	-	-	-	-
Mr. Yogesh Rastogi	01162334	5	3	No	Nil	-	-	-	-
Mr. Anish Babu Venugopal #	02830575	5	2	No	Nil	-	-	-	-
Mr. Shailendra Govind Nadkarni**	03401830	5	1	No	<ul style="list-style-type: none"> <li>Management</li> <li>Stakeholders Relationship</li> </ul>	-	-	-	-
Mr. Pawan Kumar ##	02153960	5	—	No	Nil	-	-	-	-

Name	DIN No.	Attendance Particulars			Committee of Board of NFCL	No. of Board, Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt, Sec 8 Companies of Companies Act, 2013 etc			
		Board Meeting		Attended Last AGM held on September 26, 2014		Board		Board Committees	
		Held	Attended			Chairman	Director	Chairman	Member
<b>EXECUTIVE DIRECTORS</b>									
Mr. K. S. Raju	00008177	5	5	Yes	<ul style="list-style-type: none"> <li>• Audit</li> <li>• Management</li> <li>• Shares &amp; Debentures</li> <li>• Banking</li> <li>• Investment</li> <li>• Nomination and Remuneration</li> <li>• Risk</li> <li>• Corporate Social Responsibility</li> </ul>	6	9	10	4
Mr. K. Rahul Raju	0015990	5	4	Yes	<ul style="list-style-type: none"> <li>• Shares &amp; Debentures</li> <li>• Banking</li> <li>• Management</li> <li>• Investment</li> <li>• Risk</li> <li>• Corporate Social Responsibility</li> </ul>	-	10	-	5

@ Mr. D Ranga Raju appointed as Additional Director and Independent Director with effect from March 25, 2015

@@ Ms. Lalitha Raghuram appointed as Additional Director and Independent Director with effect from April 18, 2015

\* Mr. Viney Kumar ceased to be Nominee of IDBI Limited on the Board of the Company with effect from August 26, 2014

\*\* Mr. Shailendra Govind Nadkarni appointed as Nominee of IDBI Limited on the Board of the Company with effect from August 26, 2014.

# Mr. Anish Babu Venugopal, ceased to be Nominee of IFCI Limited on the Board of the Company with effect from February 13, 2015.

## Mr. Pawan Kumar, appointed as Nominee of IFCI Limited on the Board of the Company with effect from February 13, 2015.

## BOARD AGENDA AND MINUTES

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

The company is in compliance of Secretarial Standard – I and II 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, Board Meetings are convened by giving appropriate notice to address specific needs and business requirements of the company.

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

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

During the year under review the Board of Directors met five times during the year on May 29, 2014, July 30, 2014, September 26, 2014, November 10, 2014 and February 13, 2015

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 noncompliance.
- 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 Directors

The Company has adopted a Nomination and Remuneration Policy in compliance of Section 178 of the Companies Act, 2013 and the Listing Agreement, entered into by the Company with Stock Exchanges. The Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has adopted a Policy on Board Evaluation in compliance of Companies Act, 2013 and the Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Board. The Nomination and Remuneration Committee of the Board is responsible for the evaluation of the Board, Committee and Directors.

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

The Non-Executive Directors of the company, whether Independent or Non-Independent, are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors which is within the limits prescribed under the Companies Act, 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 2014-15 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors.

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors/ Committees of Directors
<b>INDEPENDENT</b>	
Dr N. C. B. Nath	3,51,000
Mr. S. R. Ramakrishnan	1,48,500
Mr. D Ranga Raju	-
Ms. Lalitha Raghuram	-
<b>NON-EXECUTIVE</b>	
Mr. Chandra Pal Singh Yadav	27,000
<b>NOMINEE</b>	
Mr. M. P. Radhakrishnan	2,70,000
Mr. Anish Babu *	27,000
Mr. Viney Kumar/Mr. Shailendra Govind Nadkarni **	1,62,000
Mr. Yogesh Rastogi ***	40,500

\* Paid to IFCI Limited \*\* Paid to IDBI Limited \*\*\* Paid to ICICI Limited

### Remuneration to Executive Directors

The Executive Directors' remuneration is subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions. The Board, on the recommendations of the Nomination and Remuneration Committee 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 Directors do not receive any other remuneration.

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

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 2014-15

Directors Name	Salary p.m. and Commission	Perquisites
Mr. K. S. Raju	₹2,50,000/- Commission of 0.5% of the net profit of the Company limited to annual salary	@perquisites are restricted to an amount equal to the annual salary.
Mr. K. Rahul Raju	₹2,50,000/- Commission of 0.5% of the net profit of the Company limited to annual salary	@ perquisites are restricted to an amount equal to the annual salary.

During the year 2014-15 the company has not increased the remuneration of any of its Directors.

The Company has filed necessary applications with the Central Government in relation to the waiver of remuneration paid to Mr. K S Raju, Chairman and Mr. K Rahul Raju, Managing Director during the year April 1, 2013 to March 31, 2014 and for the period April 1, 2014 to July 31, 2014 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 and Schedule V of the Companies Act, 2013 during the previous financial year.

The Central Government considered the applications of the Company and in view of the Companies Act, 1956 being repealed and the Companies Act, 2013 coming into force from April 1, 2014, while rejecting the application suggested that the company make a fresh application for waiver of recovery of excess remuneration paid in the financial year 2013-14 after complying with the statutory requirements.

The Company has made fresh applications for waiver of the recovery of excess remuneration paid, over and above the limits prescribed under the provisions of Companies Act 1956 and Companies Act 2013 for the respective periods and for payment of remuneration to Mr. K S Raju and Mr. K Rahul Raju

The application made by the company for the re-appointment and payment of remuneration for the period August 1, 2014 to July 31, 2017 is pending.

## APPOINTMENT OF THE DIRECTORS

### Non-Executive Director

Mr. 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.

### Independent Directors

#### Mr. D Ranga Raju and Ms. Lalitha Raghuram

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, it is proposed to appoint Mr. D Ranga Raju and Ms. Lalitha Raghuram as Independent Directors of the company not liable to retire by rotation upto the conclusion of the 14 th Annual General Meeting 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 9th Annual General Meeting for their approval.

### NON-EXECUTIVE DIRECTOR

Name of the Directors	Date of Birth	Last re-appointment	Qualification on Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Mr. Chandra Pal Singh Yadav	March 19, 1959	September 26, 2014	MSC, B.Ed, LLB	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> <li>- Krishak Bharati Co-operative Limited</li> <li>- KRIBHCO Shyam Fertilizers Limited</li> <li>- National Coop. Union of India</li> <li>- Kribhco Infrastructure Limited</li> <li>- Continental Multimodal Terminals Limited</li> <li>- Gujarat State Energy Generation Limited</li> <li>- Kisan Bahudesiya Sehkari Samiti Limited</li> <li>- The Anupama Coop. Veg. &amp; Fruit Growers Mktg. Society Limited</li> <li>- National Coop. Consumer Federation of India Limited (NCCF)</li> <li>- National Film &amp; Fine Arts Coop. Limited (NAFFAC)</li> </ul>	<ul style="list-style-type: none"> <li>Krishak Bharathi Co.op. Limited</li> <li>- Executive Committee</li> <li>- Audit Committee</li> <li>- Sub-committee on Marketing</li> <li>National Cooperative Union of India</li> <li>- Executive Committee</li> <li>Kribhco Shyam Fertilizers Limited</li> <li>- Remuneration Committee</li> <li>- Audit &amp; Finance Committee</li> </ul>

### INDEPENDENT DIRECTORS

Name of the Directors	Date of Birth	Last appointment	Qualification on Experience	Directorships in other companies (Only Public Cos.,)	Membership of Committees of the Board in other Companies
Mr. Ranga Raju	June 20, 1934	March 25, 2015	B.Com	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> <li>- Nagarjuna Agrichem Limited</li> <li>- Bhagiradha Agro Chemicals Limited</li> </ul>	<ul style="list-style-type: none"> <li>Nagarjuna Agrichem Limited</li> <li>- Audit Committee</li> <li>- Share Transfer Committee</li> <li>- Banking Committee</li> <li>Bhagiradha Agro Chemicals Limited</li> <li>- Audit Committee</li> <li>- Share Transfer Committee</li> <li>Nagarjuna Oil Refinery Limited</li> <li>- Nomination and Remuneration Committee</li> </ul>
Ms. Lalitha Raghuram	June 22, 1962	April 18, 2015	P.G (Masters in Social Welfare)	<ul style="list-style-type: none"> <li>- Nagarjuna Oil Refinery Limited</li> </ul>	<ul style="list-style-type: none"> <li>Nagarjuna Oil Refinery Limited</li> <li>- Audit Committee</li> </ul>

**PERFORMANCE EVALUATION OF DIRECTORS AND CRITERIA FOR EVALUATION:**

The Directors Report contains information in this regard.

**DETAILS OF FAMILIARIZATION PROGRAMMES TO DIRECTORS**

The Company as a practice ensures that all Directors are briefed on matters of the company on their induction into the Board of Directors of the company. The company also issues a Letter of Appointment in case of Independent Directors detailing their terms and conditions of appointment.

The Memorandum and Articles of Association of the company, copies of Annual Reports for the previous financial years, half year reports, organization structure, Company policies including Code of Conduct, Insider Trading Policy and Board Charter, Whistle Blower Policy etc. are provided to the directors at the time of induction.

The Board of Directors are also familiarized at regular intervals on any changes that takes place in the organization and also updations on statutory enactments effecting them as Directors or impacting the company.

**REMUNERATION POLICY**

The Nomination and Remuneration Policy has been adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance of Section 178 of the Companies Act, 2013 and the Listing Agreement, entered into by the Company with Stock Exchanges.

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

**RELATED PARTY TRANSACTIONS**

The Directors Report contains information in this regard.

**MEETINGS OF INDEPENDENT DIRECTORS**

The Independent Directors of the company have even before the notification by SEBI, been having informal meetings before every Board Meeting and discussing the issues impacting the company.

**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 Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director to enable them to carry out the day-to-day operations of the company.

The powers encompass all areas such as finance, personnel, legal, general and miscellaneous powers.

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

Mr. K. S. Raju, Chairman and Mr. K. Rahul Raju, Managing Director do not hold any shares in the company as on March 31, 2015

None of the Non-Executive Directors held shares in the company as on March 31, 2015.

**CODE OF CONDUCT AND ETHICS**

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

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears 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 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
Mr. K. S. Raju	Chairman
Mr. K. Rahul Raju	Member

The Committee met twice during the year 2014-15 on July 21, 2014 and November 28, 2014.

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. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee met four times during 2014-15.

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	Dates of Meeting and attendance particulars			
		29-05-2014	30-07-2014	10-11-2014	13-02-2015
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. M. P. Radha Krishnan	Member	✓	✓	✓	✓
Mr. Viney Kumar*	Member	✓	✓	-	-
Mr. Shailendra Govind Nadkarni**	Member	-	-	✓	X

\* ceased to be a Member with effect from April 21, 2014

\*\* Appointed as Member with effect from August 26, 2014

The quorum is two members present in person.

#### 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.

#### 3. MANAGEMENT COMMITTEE

The Management Committee of Directors met four times during 2014-15 apart from considering matters through circulation.

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

Name of the Member	Category	Dates of Meeting and attendance particulars			
		29-05-2014	30-07-2014	10-11-2014	13-02-2015
Mr. K. S. Raju	Chairman	✓	✓	✓	✓
Dr N C B Nath	Member	✓	✓	✓	✓
Mr. S. R. Rama krishnan	Member	X	✓	✓	X
Mr. K. Rahul Raju	Member	✓	X	✓	✓
Mr. M. P. Radha krishnan	Member	✓	✓	✓	✓
Mr. Viney Kumar *	Member	✓	✓	-	-
Mr. Shailendra Govind Nadkarni**	Member	-	-	✓	X

\* ceased to be a Member with effect from April 21, 2014

\*\* Appointed as Member with effect from August 26, 2014

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.
- To approve revenue expenditure above ₹5 crores 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.
- 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.
- To lay down and review from time to time the company's employment policy.

#### 4. 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	Dates of Meeting and attendance particulars		
		29-05-2014	30-07-2014	10-11-2014
Dr. N. C. B. Nath	Chairman	✓	✓	✓
Mr. S. R. Rama krishnan	Member	X	✓	✓
Mr. M. P. Radha krishnan *	Member	✓	-	-
Mr. Viney Kumar**	Member	✓	-	-
Mr. K. S. Raju	Member	✓	✓	✓
Mr. K. Rahul Raju***	Member	✓	-	-
Smt. Lalitha Raghuram****	Member	-	-	-

\* ceased to be a Member with effect from May 29, 2014

\*\* ceased to be a Member with effect from September 26, 2014

\*\*\* ceased to be a Member with effect from July 30, 2014

\*\*\*\* appointed as a Member with effect from May 16, 2015

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 for the Audit Committee is two members or 1/3rd of the strength of the Audit Committee, whichever is higher with 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, 2015

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.
- c. The Audit Committee noted the Audit Report, the view of the Auditee and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the course of the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.
- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee is recommending to the Board the ratification of the appointment of M/s. M Bhaskara Rao & Co., Chartered Accountants as Statutory Auditors of the Company, to carry out audit of the accounts of the Company for the Financial Year 2015-16. M/s. M Bhaskara Rao & Co., have been appointed as Statutory Auditors 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 Mr. Dantu Mitra as Cost Accountant of the Company, for the financial year 2015-16.
- k. Mr. Dantu Mitra vide his letter dated March 2, 2015 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 Mr. 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  
May 16, 2015

Chairman  
Audit Committee

#### 5. BANKING COMMITTEE

The Banking Committee of Directors met four times during 2014-15 on March 18, 2014, April 11, 2014, September 15, 2014, December 31, 2014

The Banking Committee comprises of

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

The quorum is two members present in person.

#### Terms of reference:

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

#### 6. INVESTMENT COMMITTEE

The committee has not met during the year 2014-15.

The Investment Committee comprises:

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

#### 7. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of Directors met three times during 2014-15.

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

Name of the Member	Category	Dates of Meeting and attendance particulars		
		29-05-2014	30-07-2014	10-11-2014
Dr N C B Nath	Chairman	✓	✓	✓
Mr. K. S. Raju	Member	✓	✓	✓
Mr. S. R. Rama krishnan	Member	X	✓	✓
Mr. M. P. Radha krishnan	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.

#### 8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of Directors met four times during 2014-15.

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

Name of the Member	Category	Dates of Meeting and attendance particulars			
		29-05-2014	30-07-2014	10-11-2014	13-02-2015
Dr. N. C. B. Nath	Chairman	✓	✓	✓	✓
Mr. K S Raju	Member	✓	✓	✓	✓
Mr. K Rahul Raju	Member	✓	X	✓	✓

The quorum is two members present in person.

#### Terms of reference :-

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

## 9. RISK MANAGEMENT COMMITTEE

The 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 Risk Management Committee of Directors met three times during 2014-15.

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

Name of the Member	Category	Dates of Meeting and attendance particulars		
		30-07-2014	10-11-2014	13-02-2015
Dr. N. C. B. Nath	Chairman	✓	✓	✓
Mr. S. R. Rama krishnan	Member	✓	✓	X
Mr. M. P. Radha krishnan	Member	✓	✓	✓
Mr Viney Kumar *	Member	✓	-	-
Mr. Shailendra Govind Nadkrani **	Member	✓	✓	X
Mr. K S Raju	Member	✓	✓	✓
Mr. K Rahul Raju	Member	X	✓	✓

\* ceased to be a Member with effect from April 21, 2014

\*\* Appointed as Member with effect from August 26, 2014

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

The terms of reference of the Committee are as follows:

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

### 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.

The company developed and implemented policies, procedures and practices that attempt to translate the company's core purpose and mission into a reality.

All these policies, procedures and practices are elaborated hereunder:

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

#### 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, organization 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.

The Company has not received any complaint alleging sexual harassment during the year 2014-15.

#### **q. Policy on Related Party Transactions**

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.

#### **r. Policy on Board Evaluation**

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

#### **s. Policy on Nomination and Remuneration Policy**

This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and

evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees

**t. Policy for determining Material Subsidiaries**

The Policy for determining Material Subsidiaries, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges determines the criteria for classifying a subsidiary as 'Material' in accordance with the provisions of this Policy.

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**MANAGEMENT DISCLOSURES**

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

**D. STAKEHOLDERS**

**DISSEMINATION OF INFORMATION**

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

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

**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, 2015 of the Company, were emailed in addition to being published in newspapers.

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

**CorpFiling/NEAPS facility**

The Company is filing information to the Stock Exchanges through CorpFiling website, [www.corpfiling.co.in](http://www.corpfiling.co.in) and filing of returns through NEAPS website, [www.connect2nse.com](http://www.connect2nse.com) shall commence after obtaining relaxation from SEBI under Rule 19(2)(b) and the trading of shares commences.

**INVESTOR GRIEVANCE REDRESSAL**

The company has 4,73,746 shareholders as on March 31, 2015.

The table below lists the details of shareholder's or depositor's queries/complaints/requests received and resolved during 2014-15.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	215	215	0
Revalidation of dividend warrants	0	593	593	0
Share transfers	0	0	0	0
Demat / Remat of Shares	0	0	0	0
Issue of duplicate certificates	0	10	10	0
Transmission of shares *	474	113	0	587
General queries	0	4640	4640	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.

**REMOTE E-VOTING**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Company is providing remote e-voting facility of casting voting using an electronic voting system from a place other than venue of the General Meeting and voting at the General Meeting through ballot form on all the resolutions set forth in the Notice to the 9<sup>th</sup> Annual General Meeting to be held on Tuesday i.e., September 29, 2015 at 10.00 hours.

The company has engaged the services of Central Depository Services (India) Limited to provide remote e-voting platform to the shareholders.

Please refer to the detailed instructions on remote e-voting at page no. 104 of the Annual Report.

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

Shareholders who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before close of business hours of September 28, 2015.

**Compliance Officer**

Mr. M. Ramakanth, Company Secretary of the company is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the new regulations 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 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, 2015, 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, 2015 : 4,73,746

The table below shows the status of the equity shares of the company as on March 31, 2015:

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, 2015

Share Holding	Share Holders		Share Holding	
	Number	% to Total	Value in Rs.	% 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, 2015

Category	No. of shares held	% of shareholding
A. Promoter's holding	34,17,00,062	57.13
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	5,74,31,654	9.60
b. Indian public	17,28,19,586	28.90
c. NRIs/OCBs	57,76,991	0.97
d. Any other (please specify)-Trusts	1,46,932	0.02
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, 2015

S. No.	Name of the Company	%
	<b>Core Promoters</b>	
1	Amlika Mercantile Private Limited @	49.5%
	<b>Co-Promoters</b>	
1	Governor of Andhra Pradesh	3.58%
2	KRIBHCO	1.84%
3	Fireseed Limited	1.47%
	<b>Others - Private Corporate Bodies</b>	
1	Zuari Global Limited	5.40%

@ - Please refer Note in Point IV(ii) of Annexure - VI of Directors Report

### LIST OF PROMOTER COMPANIES OF THE NAGARJUNA GROUP

#### Core Promoters

1. Amlika Mercantile Private Limited

#### Co-Promoters

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

### RESTRUCTURING

The Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited, Ikisan Limited, Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited (Composite 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 has 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, 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 Eight Annual General Meeting of the company was held on September 26, 2014, at Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073

Mr. K S Raju, Chairman, Chaired the meeting.

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

#### LAST 3 ANNUAL / EXTRA-ORDINARY GENERAL MEETING

No. of AGM	Date & Time	Location	Special Resolution(s) passed
6 <sup>th</sup> AGM 2011-2012	August 31, 2012 at 11.30 a.m	Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Increase in remuneration of Mr. K S Raju, Chairman of the company.</li> <li>Increase in remuneration of Mr. K Rahul Raju, Managing Director of the company.</li> </ul>
7 <sup>th</sup> AGM 2012-2013	November 29, 2013 at 09.00 a.m	Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Alteration of Articles of Association by inserting provision relating to Buy Back of Shares of the company.</li> <li>Alteration of Articles of Association by substituting existing Article 136 with the new provision.</li> <li>Alteration of Articles of Association relating to Authorized Share Capital of the company by substituting the existing Article 5(1) with the new provision relating to the increase in the authorized share capital of the company.</li> </ul>
8 <sup>th</sup> AGM 2013-2014	September 26, 2014 at 10.00 a.m	Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073	<ul style="list-style-type: none"> <li>Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2013 to March 31, 2014</li> <li>Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the financial year April 1, 2013 to March 31, 2014</li> <li>Approval and ratification of remuneration paid to Mr. K S Raju, Chairman during the period April 1, 2014 to July 31, 2014</li> <li>Approval and ratification of remuneration paid to Mr. K Rahul Raju, Managing Director during the period April 1, 2014 to July 31, 2014</li> <li>Appointment of Mr. K. S. Raju as a Director and Chairman for a period of 3 years with effect from August 1, 2014 and payment of remuneration</li> <li>Appointment of Mr. K. Rahul Raju as a Managing Director for a period of 3 years with effect from August 1, 2014 and payment of remuneration</li> <li>Contribution not exceeding Rs. 2 Crores to Nagarjuna Foundation for undertaking CSR activities on behalf of the Company.</li> </ul>
EGM 2011-12	February 25, 2011 at 2.30 PM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> <li>Cancellation of existing capital of Rs. 5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme</li> <li>Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956</li> <li>Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.</li> </ul>
EGM 2011-12	August 19, 2011 at 9.00AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> <li>Change of Name of the Company from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited as per Section 21 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> <li>Alteration of Articles of Association of the Company pursuant to the provisions of Section 31 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> </ul>
EGM 2011-12	September 12, 2011 at 9.00 AM	Nagarjuna Hills, Punjagutta, Hyderabad-500082	<ul style="list-style-type: none"> <li>Alteration of Articles of Association as per Section 31 of the Companies Act, 1956.</li> <li>Contribution of sum not exceeding Rs. 1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956</li> </ul>

#### 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

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

##### Step down Subsidiaries

- (i) Spawnt Private S.a.r.l, Luxembourg

#### Associates

- (i) Nagarjuna Agricultural Research and Development Institute
- (ii) KVK Raju International Leadership Academy

#### Key Managerial Personnel

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

#### Relatives of Key Managerial Personnel

- (i) Ms. Veda Raju (Wife of Mr. K Rahul Raju)
- (ii) Ms. K Lakshmi Raju (Daughter of Mr. K S Raju & Sister of Mr. K Rahul Raju)
- (iii) Ms. K Lakshmi Raju (Sister of Mr. K S Raju)

#### Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

#### Enterprises significantly influenced by KMP or their relatives

- (i) NFCL Employees Welfare Trust
- (ii) Nagarjuna Agrichem Limited
- (iii) Nagarjuna Oil Refinery Limited
- (iv) Nagarjuna Foundation

#### Related party transactions during the year ended March 31, 2015

(₹in Lakhs)

Nature of transaction	Subsidiaries	Associates	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management Personnel or their relatives
Advances given	(636.54)* (569.86)	Nil (Nil)	Nil (0.14)	492.39 (173.28)
Lease rental received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (0.50)
Remuneration to key management personnel	Nil (Nil)	Nil (Nil)	138.32 (133.67)	Nil (Nil)
Rent paid	Nil (Nil)	Nil (Nil)	622.61 (83.02)	6.74 (6.74)
Donation	Nil (Nil)	Nil (Nil)	Nil (Nil)	80.00 (132.00)

Note: Figures in brackets represent previous year transactions.; \* Restatement of Exchange variance.

**Balances outstanding at the year ended March 31, 2015**

(₹ in Lakhs)

Nature of transaction	Subsidiaries	Associates	Key Management Personnel and Relatives	Enterprises significantly influenced by Key Management Personnel or their relatives
Loans and Advances Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	0.75 (3.25)	Nil (Nil)
Nagarjuna Industrial Services and Investments Private Limited	2,852.31 (3,488.86)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Nagarjuna Oil Refinery Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	879.21 (386.82)
<b>Rental Deposits receivable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.40 (0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	90.00 (90.00)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (7.37)	Nil (Nil)
<b>Rental Deposits payable</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	0.21 (0.21)
<b>Other Assets</b>				
Nagarjuna Agrichem Limited	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (8.49)
<b>Trade Payables</b>				
Shri.K Rahul Raju	Nil (Nil)	Nil (Nil)	116.38 (Nil)	Nil (Nil)
Smt. K Lakshmi Raju (Sister of Shri K S Raju)	Nil (Nil)	Nil (Nil)	Nil (2.21)	Nil (Nil)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	Nil (Nil)	Nil (Nil)	1.53 (1.53)	Nil (Nil)
<b>Other Current Liabilities</b>				
Key Management Personnel	Nil (Nil)	Nil (Nil)	18.46 (Nil)	Nil (Nil)

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 and Company Secretary certifying the compliance of code of conduct and ethics appears in the annexure to this report
- e. There were no penalties, strictures imposed on the company by Stock Exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matter related to capital markets during the last three years.

**Compliance with Mandatory Requirements of Clause 49**

Your company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement except to the extent of appointment of two Independent Directors.

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 Report.

The table shows the Compliance Report status

Particulars	Clause of Listing Agreement	Compliance Status (Yes/ No)
<b>II. Board of Directors</b>	<b>49 (II)</b>	
A. Composition of Board	49 (IIA)	No
B. Independent Directors	49 (IIB)	Yes
C. Non-executive Directors' Compensation & Disclosures	49 (IIC)	Yes
D. Other Provisions as to Board and Committees	49 (IID)	Yes
E. Code of Conduct	49 (IIE)	Yes
F. Whistle Blower Policy	49 (IIF)	Yes
<b>III. Audit Committee</b>	<b>49 (III)</b>	
A. Qualified & Independent Audit Committee	49 (IIIA)	Yes
B. Meeting of Audit Committee	49 (IIIB)	Yes
C. Powers of Audit Committee	49 (IIIC)	Yes
D. Role of Audit Committee	49 (IIID)	Yes
E. Review of Information by Audit Committee	49 (IIIE)	Yes
<b>IV. Nomination and Remuneration Committee</b>	<b>49 (IV)</b>	Yes
<b>V. Subsidiary Companies</b>	<b>49 (V)</b>	Yes
<b>VI. Risk Management</b>	<b>49 (VI)</b>	Yes
<b>VII. Related Party Transactions</b>	<b>49 (VII)</b>	Yes
<b>VIII. Disclosures</b>	<b>49 (VIII)</b>	
A. Related Party Transactions	49 (VIIIA)	Yes
B. Disclosure of Accounting treatment	49 (VIIIB)	Yes
C. Remuneration of Directors	49 (VIIC)	Yes
D. Management	49 (VIID)	Yes
E. Shareholders	49 (VIIE)	Yes
F. Proceeds from public issues, rights issue, preferential issues, etc	49 (VIII I)	Not applicable
<b>IX. CEO/CFO Certification</b>	<b>49 (IX)</b>	Yes
<b>X. Report of Corporate Governance</b>	<b>49 (X)</b>	Yes
<b>XI. Compliance</b>	<b>49 (XI)</b>	Yes

## GENERAL SHARHOLDERS INFORMATION

9 <sup>th</sup> Annual General Meeting Day, Date, Time and Venue	Tuesday, 29 <sup>th</sup> day of September, 2015 at 10.00 A.M.Sri Satya Sai Nigamagmam, Srinagar Colony, Hyderabad
Dates of Book Closure	September 22, 2015 to September 29, 2015 (both days inclusive)
Registered Office	D.No.8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
Plant Location	The Company has two urea and one customised fertilizer 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	Mr. M Ramakanth, Vice President – Legal & Company Secretary Ph No.(040) 23355317. Fax (040) 23350247 Email : ramakanthm@nagarjunagroup.com
Share Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: +91-40-23358405 Email: Investors@nagarjunagroup.com
Dividend history for the last five years	The Company has declared a dividend of Re. 1/- per share to the equity shareholders of the Company for the year ended March 31, 2012. No dividend was declared in the years 2012-13 and 2013-14.
Tentative dates for considering Financial Results	Quarter ending June 30, 2015 - 3rd week of July 2015 Quarter ending September 30, 2015 - 3rd week of October 2015 Quarter ending December 31, 2015 - 3rd week of January 2016 For the year ending March 31, 2016 - 4th week of April 2016
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.	L24129AP2006PLC076238

## 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 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.

The Company has consequent to ICSI notifying Secretarial Standards 1 and 2 with effect from July 1, 2015 been in compliance of the same.

## 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, 2015 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.

Hyderabad  
May 16, 2015

K Rahul Raju  
Managing Director

Sudhir Bhansali  
Chief Financial Officer

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

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

We confirm that the Company has in respect of the financial year ended March 31, 2015 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, 2015.

Hyderabad  
May 16, 2015

M Ramakanth  
Company Secretary

K Rahul Raju  
Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Nagarjuna Fertilizers and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by **Nagarjuna Fertilizers and Chemicals Limited** for the year ended on 31<sup>st</sup> March, 2015, 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 (as per the Composite Scheme, the Oil Business Undertaking of Erstwhile NFCL was demerged into Nagarjuna Oil Refinery Limited and residual NFCL and Ikisan Limited were merged into Kakinada Fertilizers Limited – now Nagarjuna Fertilizers and Chemicals Limited) approved by the jurisdictional High Courts of Mumbai and Andhra Pradesh, we were informed by the management that the company has approached SEBI Appellate Tribunal for redressal in view of the delays in granting of relaxation (under Rule 19 (2) (b) of the Securities Contracts (Regulation) Rules, 1957) by SEBI. We were further informed in this regard that the Company is also contesting the application of SEBI filed in the High Court of Bombay at Mumbai 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 except appointing two Independent Directors on its Board as per the Listing Agreement entered with Stock Exchanges.

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 3, 2015