

NAGARJUNA AGRICHEM LIMITED
Annual Report 2010-2011

BOARD OF DIRECTORS

Dr. Nitish K Sen Gupta	: Chairman
Sukhendu Ray	: Director
P.K. Mallik	: Director
K.S. Raju	: Director
D. Ranga Raju	: Director
K. Rahul Raju	: Director
K. Lakshmi Raju	: Director
R.S. Nanda	: Director
Sudhakar Kudva	: Director
N. Vijayaraghavan	: Whole Time Director
K. Raghuraman	: Director
V. Vijay Shankar	: Managing Director

SENIOR MANAGEMENT

S.V.S Rama Raju	: President - Operations
R.K.S Prasad	: CFO
D. Suresh Babu	: Vice President -Legal & Company Secretary
S. Chandra Sekhar	: Vice President - Corporate HPD
Manikkam Natarajan	: Vice President - Marketing & Sales
Aseem Kumar Srivastava	: Vice President - Corporate Planning
G. Jagannadha Rao	: Vice President - Exports
Amit Taparia	: Sr.General Manager - Procurement & SCM
Harish Bijilwan	: Sr. General Manager - Business Tech. & Outsourcing
K. Saravanan	: General Manager - Mfg. & Corp. SHE & Q

24th ANNUAL GENERAL MEETING

Day	: Friday
Date	: 12th August, 2011
Time	: 10.00 a.m.
Venue	: KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce & Industry, Federation House, No. 11-6-841, Red Hills, Hyderabad - 500 004.

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Registered Office:

Plot No12-A "C"Block
No.8-2-248/1/7/78,
Nagarjuna Hills, Punjagutta
Hyderabad - 500082
Andhra Pradesh

Factories :

Arinama Akkivalasa
Etcherla Mandal, Srikakulam
Andhra Pradesh

Shadnagar
Nandigaon Village, Kothur Mandal,
Mahaboobnagar, Andhra Pradesh

Ethakota P.O, Ravulapalem,
East Godavari Dist.,Andhra Pradesh

Auditors :

M.Bhaskar Rao & Co.,
Chartered Accountants
5D,Kautilya, Somajiguda
Hyderabad-500 082
Andhra Pradesh

Bankers

State Bank of India
HDFC Bank Ltd
IDBI Bank Ltd
New India Co-Op.Bank Ltd

Share Transfer Agents:

Bigshare Servies Pvt Ltd
G-10 Left Wing, Amrutha Vallie,
Opp. Yashoda Hospital
Somajiguda, Rajbhavan Road,
Hyderabad - 500 082.
Tel : 040-23374967
Telefax : 040-23370295
e-mail : bsshyd@bigshareonline.com

NOTICE

Notice is hereby given that the 24th Annual General Meeting of Nagarjuna Agrichem Limited will be held at 10 a.m on Friday the 12th day of August, 2011 at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. K.S Raju who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. P.K.Mallik who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr.Sudhakar Kudva who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. R.S Nanda who retires by rotation and is eligible for re-appointment.
6. To appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants, the retiring Auditors as Statutory Auditors for the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix the remuneration of the Statutory Auditors.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 approval of the Company be and is hereby accorded for the re-appointment of Mr.N.Vijayaraghavan as Wholetime Director

of the Company for a period of One year with effect from 28th October, 2010 on the terms and conditions including remuneration as set out below:

In accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 as in force the particulars of the remuneration to be paid and perquisites to be provided to Mr.N.Vijayaraghavan are as under:

- i. Basic Salary: Rs.99,000/- per month.
- ii. Perquisites:
 - a. The Company will pay a fixed sum of Rs. 27,500/- per month by way of House Rent Allowance.
 - b. The Company will pay a sum of Rs.33,000/- per month as Conveyance Allowance.
 - c. The Company will pay a Special Allowance of Rs.39,450/- per month.

The Company will pay one time compensation of Rs.20 lakhs. Apart from the above perquisites the Company will contribute towards Provident Fund to the extent of 12% of his basic salary and will be eligible to receive medical reimbursement of Rs.27,500/- per annum and Leave Travel Concession of Rs. 99,000/- per annum.

- iii. In the event of loss or inadequacy of profits in any financial year, the Whole time Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.
- iv. The Whole time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- v. The appointment of one year may be determined by either party by giving one month notice in writing to the other party.”

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

“RESOLVED THAT Mr. V.Vijay Shankar who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 11th May, 2011 and who holds office upto the date of this Annual General Meeting under sec. 260 of the Companies Act, 1956 and Articles 129 of the Articles of Association of the Company but who is eligible for appointment.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), approval of the members of the company be and is hereby accorded to the appointment of Mr. V.Vijay Shankar as Managing Director of the Company, for a period of 3 years, with effect from 11.05.2011 to 10.05.2014 upon the terms and conditions including remuneration as set out below and in the explanatory statement annexed to the Notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee which the Board may constitute to exercise its powers including the powers conferred by this resolution) to alter and vary any such terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. V. Vijay Shankar.

In accordance with the provisions of Section II, part II of Schedule XIII to the Companies Act, 1956 as in force the particulars of the remuneration to be paid to perquisites to be provided to Mr. V. Vijay Shankar are mentioned below:

Salary :

COMPONENT	AMOUNT IN Rs./- Per Month
Basic Salary	2,50,000
Special Allowance	55,000
Reimbursable Expenses	40,000
TOTAL	3,45,000

Perquisites

House Rent Allowance - Rs. 1,00,000/-p.m. (in case the Company provides a leased accommodation the differential between the cost of the leased accommodation and the HRA will be paid as special allowance). One time joining Payment of Rs 20,00,000/- (Rupees Twenty Lakhs only) shall be paid on joining the Company.

Provident Fund

Contribution of 12% of Basic salary towards Provident Fund. The Company will also contribute 12% of salary towards Provident Fund as per existing law.

Car

Company will provide a Chauffeur driven car fully maintained by the Company.

Leave Travel Assistance

Leave Travel Assistance of Rs.2,50,000/- per annum, on a calendar year basis. This will be paid at the time of annual leave and subject to the LTA Rules of the Company.

Performance Pay

Performance pay of Rs. 14,00,000/- per annum at the end of every completed year of service subject to the appraisal of performance by the Board of Directors of the Company during the period of employment with the Company.

Mediclaime coverage shall be provided to Mr.V.Vijay Shankar and his spouse, children and dependent parents as per the rules of the Company.

GPAP

Coverage under Group Personal Accident Policy.

Club Membership

Free Club Membership not exceeding 2 clubs.

The terms and conditions of his appointment including remuneration payable to him as set out in the resolution herein may be altered and varied from time to time by the Remuneration Committee/ Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, (including any statutory modifications or re-enactments thereof, for the time being in force), or any amendments made thereto.

The terms of appointment between the Company and Mr. V.Vijay Shankar shall carry a condition that it may be terminated by either party by giving to the other party three months' notice in writing. An Agreement shall be entered into between Mr. V.Vijay Shankar and the Company covering all the aspects as spelt out in this resolution and it shall be binding on both the parties.

"RESOLVED FURTHER THAT the approval of the members of the company be and is hereby accorded to the payment of minimum remuneration comprising salary and perquisites to Mr. V. Vijay Shankar in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment, not exceeding the relevant ceiling limits specified under Section II of Part-II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, during the tenure of Mr.V.Vijay Shankar's appointment, the Board of Directors be and is hereby authorised to vary or increase the remuneration, payable to Mr.V.Vijay Shankar, for such remaining period of his tenure, including salary, perquisites, allowances etc., within such prescribed limit or ceiling and the agreement entered into, if any, between the Company and Mr. V.Vijay Shankar shall be suitably amended to give effect to such modification, relaxation or variation without any further reference to or approval by the Company in general meeting."

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

"RESOLVED THAT pursuant to Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the mortgage and / or charge created / to be created by

the Company of all immovable and movable properties of Wind Power Project of the Company situated at Tirunelveli District, Tamil Nadu State , India , both present and future, and / or conferring power to enter upon to take possession of assets of the Company in certain events, to or in favour of State Bank of India, CAG Branch, Panjagutta, Hyderabad for securing the Term Loan of Rs.21.64 Crores together with interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses be and the same are hereby confirmed, approved and ratified."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to severally delegate all or any of the powers herein conferred to any committee of directors, any director or any officer of the Company to give effect to the aforesaid resolutions."

By Order of the Board

D SURESH BABU

VP-Legal & Company Secretary

Date : 11th May, 2011

Place : Hyderabad

NOTES

1. The explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of the business under Item No. 7 to 10 above is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such a proxy need not be a member of the Company. Proxies (in the annexed form) and power of attorneys, in order to be effective must be received at the registered office of the Company not later than 10.00 a.m on the 10th August, 2011.
3. Members holding shares in physical and electronic form are requested to inform immediately the change, if any, in their address to M/s. Bigshare Services Pvt. Ltd, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 82.
4. The Register of Members and Share Transfer Books will remain closed from Friday 5th August, 2011 to Friday 12th August, 2011. (both days inclusive).
5. The Dividend, if declared, will be paid to the members entitled thereto, whose names appear in the Registers of the Company as on 05.08.2011.
6. Members are advised to avail themselves of nomination facility as per the amended provisions of Companies Act, 1956, for which nomination forms are available with the Registrars.
7. Consequent upon amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund.
8. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
9. Shareholders are requested to furnish their e-mail ID's to enable the company to forward

information in relation to the company on a regular basis.

10. All communications relating to shares are to be addressed to the Company's Transfer Agents, M/s. Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 500 082.
11. The Securities and Exchange Board of India (SEBI) 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 / RTA while transfer transacting in the securities market including transfer, transmission or any other corporate action. Accordingly all the Shareholders/Transferees of shares (including joint shareholders) are requested to furnish a certified copy of their PAN card to the company / RTA while transacting in the securities market including transfer, transmission or any other corporate action.
12. The Company has paid the Listing Fees for the year 2011-2012 to The Stock Exchange, Mumbai where the shares of the Company are listed.
13. Re-appointment of Directors:
At the ensuing Annual General Meeting; Mr. K.S Raju, Mr. P.K Mallik, Mr.Sudhakar Kudva and Mr. R.S Nanda , Directors retire by rotation and being eligible offer themselves for re-appointment. and Mr.N.Vijayaraghavan have been re-appointed as Whole-time Directors during the year under review by the Board of Directors of the Company. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange are furnished in the statement on Corporate Governance published in this Annual Report.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 Item No.7 :

The Board of Directors at their meeting held on 28th October, 2010, subject to the approval of the Members and the Central Government, if necessary, re-appointed Mr.N.Vijayaraghavan

as a Whole-time Director of the Company. Mr.N. Vijayaraghavan is a B.Tech (Metallurgy) from IIT, Chennai and holds a Post Graduate Diploma in Business Management from IIM, Ahmedabad. He has over 37 years of experience in various senior positions. He has worked in Larsen & Toubro Limited, ITW Signode Limited, Nagarjuna Fertilizers and Chemicals Limited and Sterlite Industries Limited. The industry spectrum of his experience includes various manufacturing fields. His experience includes fertilizer manufacturing and marketing management and General Management.

Detailed profile of Mr.N.Vijayaraghavan is given under:

Date of Birth	22 nd July, 1949
Qualifications	B.Tech. - Metallurgy (IIT Madras), PGDBM, IIM, Ahmedabad.
Experience and expertise in specific functional area	Over 37 years of experience in various senior positions.
Relationship with other Directors of the Company	None
Current Shareholding in Nagarjuna Agrichem Limited	None
Directorships held in other Indian Public Limited Companies	None
Membership / Chairmanship of Committees in Indian Public Limited Companies	None

The re-appointment and terms of remuneration of Mr. Vijayaraghavan as the Whole-time Director are pursuant to the provisions of Article 141 of the Company's Articles of Association and Sections 198, 269,309, read with Schedule XIII and other applicable provisions, if any, of the Act. Mr. Vijayaraghavan shall not, while he continues to be the Whole-time Director, be subject to retirement by rotation pursuant to the provisions of Section 255 of the Act.

Pursuant to the provisions of Sections 198, 269,

309, Schedule XIII and other applicable provisions of the Act, the approval of the members in General Meeting is required to be obtained for the appointment and the terms of remuneration of Mr. Vijayaraghavan as the Whole-time Director and as set out in Item No .8 of the Notice.

Mr. N.Vijayaraghavan was re-appointed in the Board as a Whole Time Director to assist and advice the Director & COO in matters of strategy, growth and review of the Company. His remuneration was accordingly fixed by the Board at its meeting held on 28th October,2010. However in view of the Director & COO withdrawing from day to day matters due to serving his notice period from October/Nov.2010, Mr. N.Vijayaraghavan has effectively been managing the day to day operations of the Company till the new incumbent has taken over as Managing Director of the Company in the month of May, 2011. In view of the additional efforts and responsibilities made by Mr. N. Vijayaraghavan , an one time compensation of Rs.20 lakhs be made to him.

Memorandum of Interest of Directors

None of the Directors of the Company other than Mr.N.Vijayaraghavan may be deemed to be concerned or interested in passing of this resolution.

The Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr.Vijayaraghavan's services and accordingly the Directors commend the Resolutions at Item No. 7 for approval by the Members.

Item No.8 & 9

Mr.V.Vijay Shankar was appointed as an Additional Director of the Company by the Board . Pursuant to Section 260 of the Companies Act 1956, Mr.V.Vijay Shankar will hold office of Director only up to the date of this Annual General Meeting and is eligible for appointment. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr.V.Vijay Shankar for the office of the director of the Company under Section 257 of the Companies Act, 1956.

The Board of Directors at their meeting held on 11th May, 2011, subject to the approval of the Members and the Central Government, if necessary, appointed Mr.V.Vijay Shankar as Managing Director of the Company, with immediate effect. Mr.V.Vijay Shankar who joined the Company. He is a Chartered Accountant and he has vast experience in various chemical industries

and extensive experience in Fertilizer & Agri and Automobile sectors over the last three decades through his associations in Zuari-Chambal, Nagarjuna and Mahindra & Mahindra Groups His last assignment was with Zuari Group .

Date of Birth	17 th November, 1956
Qualifications	Fellow Chartered Accountant
Experience and expertise in specific functional area	He has vast experience in various chemical industries and extensive experience in Fertilizers, Agri & Automobile Sectors over the last three decades through his associations in Zuari - Chambal, Nagajurna and Mahinda & Mahindra Groups.
Relationship with other Directors of the Company	None
Current Shareholding in Nagarjuna Agrichem Limited	None
Directorships held in other Indian Public Limited Companies	Zuari Commodity Trading Ltd. Zuari Financial Services Ltd. Zuari Brokers Ltd.
Membership / Chairmanship of Committees in Indian Public Limited Companies	None

The appointment and terms of remuneration of Mr. Vijay Shankar, as Managing Director with effect from 11-5-2011 are pursuant to the provisions of Article 141 of the Company's Articles of Association and Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Act. Mr.V.Vijay Shankar shall not, while he continues to be the Managing Director, be

subject to retirement by rotation pursuant to the provisions of Section 255 of the Act.

Pursuant to the provisions of Sections 198, 269, 309, 301 Schedule XIII and other applicable provisions of the Act, the approval of the members in General Meeting is required to be obtained for the appointment and the terms of remuneration of Mr.V.Vijay Shankar as Managing Director and as set out in Item No.8 & 9 of the Notice.

The perquisites and allowances shall be evaluated wherever applicable as per the Income Tax Act, 1961 or any rules thereunder (including any modifications) or re-enactment there of for the time being in force.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Mr.V.Vijay Shankar has disclosed to the Company that he is holding NIL Equity shares in the Company.

This may also be treated as an abstract of the draft Agreement between the Company and Mr.V.Vijay Shankar pursuant to Section 302 Of the Act.

Memorandum of Interest of Directors

None of the Directors of the Company other than Mr.V.Vijay Shankar may be deemed to be concerned or interested in passing of this resolution.

The Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr.V.Vijay Shankar's services and accordingly the Directors commend the Resolutions at Item Nos.8 and 9 for approval by the Members.

Item No. 10

The Company has borrowed monies / Term Loan of Rs. 21.64 Cores from State Bank of India, CAG Branch, and Panjagutta Main Road, Hyderabad for meeting its funds requirement for its Wind Power Project situated at Tirunelveli District, Tamil Nadu State, INDIA. In terms of the agreements entered into with the State Bank of India, CAG Branch, Hyderabad, the Company has provided security as first charge on all wind power project and to deposit of title deeds of immovable properties of Wind Power project assets in favour of said Bank for the said borrowed amount by mortgaging said fixed assets of the Company.

The mortgage and/or charge created by the Company as aforesaid may be regarded as a disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956 which requires the approval of the Members of the Company under the said Section 293(1)(a) of the Act. Accordingly, the Ordinary Resolution at Item No. 10 of the Notice seeking the approval, confirmation and ratification to the creation of the mortgage by the Company in favour of State Bank of India is submitted for your approval.

A copy of the Agreements with State Bank of India, CAG Branch, Hyderabad will be available for inspection by the Members at the Registered Office of the Company between 12.00 Noon and 1.00 P.M on any working day except Saturdays and holidays up to the date of the meeting.

As per the provisions of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Public Company can not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking with out the consent of the shareholders in the General Meeting. Consequent to the charges on the Assets will continue and the Company may create further Mortgage/ Hypothecation or Charges on the present and Future Assets of the Company in favour of Banks/ Financial Institutions or any other Lenders.

As the mortgage/ Charge/Hypothecation by the Company on its Assets as aforesaid in favour of the Bank as may be regarded as disposal of the Company's properties / undertaking in certain events of default, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956, for creation of said charge/ mortgage/Hypothecation.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

The Board of Directors recommends the resolution for your approval none of the Directors of the Company is deemed to be concerned or interested in the Resolution.

By Order of the Board

D SURESH BABU

VP-Legal & Company Secretary

Date : 11th May, 2011

Place : Hyderabad

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2011 .

Operating Results

Your Company's performance during the year as compared with that during the previous year is summarised below:

(Rs in Lakhs)		
Particulars	2010-11	2009-10
Sales / Income from Operations	57008	65287
Other Income	527	866
Total Income	57535	66153
Profit Before Taxation	645	9127
Less : Provision for Taxation	337	3151
Profit After Taxation	308	5976
Add : Surplus brought forward	14360	9856
Amount available for appropriation	14668	15832
Appropriations		
Your Directors recommend appropriations as under		
Transfer to General Reserve	35	600
Dividend		
- Interim Paid	223	298
- Interim Corporate Dividend Tax	38	51
- Final (Proposed)	-	447
- Provision for Corporate Dividend Tax	-	76
Surplus Carried Forward	14372	14360
Total Appropriations	14668	15832

Performance

During the year under review, Sales were Rs. 570.08 Crores as compared to Rs. 652.87 Crores during the previous year. The Profit after Tax for the year under review was 3.08 Crores as compared to Rs. 59.76 Crores during the previous year. The cash profits for the year under review were Rs.28.20 Crores as compared to Rs. 80.18 Crores during the previous year. The main reason for the reduced profits is the reduction in export orders coupled with severe curtailment in production at Srikakulam due to contract labour disputes .Interest cost have been higher due to capex in Srikakulam and Working Capital. Certain one time write off have also been made in the current year.

Domestic & Export Markets

Agriculture in India witnessed buoyancy in acreage of cotton and soya at the expense of some cereals and a static level of activity in paddy and wheat. Climatically, while inadequacy of water delayed crops in some states in the North during Kharif, the coastal areas of the southern India were affected by unseasonal rains in Rabi. In terms of product categories herbicides continued to grow due to depressed manpower availability, fungicides too registered a growth and usage of insecticides showed a nominal increase.

The growth of domestic sales by your company was in line with the overall increase in the Indian market for crop protection chemicals during the year at around 10%. Continued high inventory levels of company's key product across the major export markets, coupled with depressed demand due to lower fungal attacks in major user countries during most of the calendar year of 2010, resulted in a steep fall in export volumes. The last quarter of the year saw the market off-takes return to the original levels and consequently the export business witnessed a strong upswing. However, the conversion of these orders to business was not complete in the last quarter due to the constraints posed by the labour situation in the plant manufacturing technicals.

Your company has commenced firming up enhanced export volumes for a few key molecules with its customers and also has initiated necessary steps to broaden its portfolio to protect it from the effects of seasonal vagaries in the world markets. Addition of a few pesticides and fine chemicals to the product

range for the next year is in process. The outlook for the company in the export segment looks optimistic during 2011.

Dividend

The Board of Directors of the Company at their meetings held on 29th October, 2010 had declared interim dividends aggregating to Rs.1.50 for each equity share Rs. 10/-. The dividends were paid to the shareholders on due dates. No further dividend is being proposed in view of the performance of the Company.

Change in the Registered Office

Your directors informed that during the year the Registered Office of your Company has been shifted from Plot No.61 ,Nagarjuna Hills, Panjagutta, Hyderabad to Plot No.12-A, "C" Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad-500 082 which is within State of Local limits of Andhra Pradesh.

Plant Operations

Your company received certifications ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 in the areas of Quality, Environment and Safety and Occupational Health Management Systems respectively .

A comprehensive evaluation of debottlenecking areas in all the plants was carried out during the year. Implementation of the recommendations in 2011 is expected to result in enhanced productivity in operations and place your company in a stronger position to exploit the opportunities presented by the market in the coming years.

At Srikakulam, a major step towards efficient effluent management was taken during the year by the installation and commissioning of a Zero Liquid Discharge (ZLD) facility at a cost of Rs.24.06 Crores. The ZLD project bears witness to your company's endeavour to be a responsible corporate citizen as well as builds in certain amount of flexibility to manufacture a larger portfolio of products for which necessary clearances were obtained during the year. However, in an atmosphere of unrest in the district, your company too suffered severe curtailment of operations in the second half of the year bringing a major constraint to the execution of orders primarily from export markets and domestic bulk buyers. Normalcy in operations was attained towards the very end of the year.

The operations of the formulating units at Ethakota and Shadnagar continued to be normal. Since they cater to a large domestic customer base, a series of initiatives in the areas of production, quality control and supply chain have been taken to significantly enhance customer service.

The company informed that it has put up 3 no. of wind turbine generators (WTG) of 2.1 MW each totally of 6.3 MW in Tirunelveli Dist., Tamilnadu with cost of Rs. 34 crores and the estimated power generation is 46 lakhs KWH/PA per WTG. The Company has entered into power purchase agreement with Tamilnadu Electricity Board.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. P.K Mallik , Mr. K.S Raju , Mr.Sudhakar Kudva and Mr. R.S Nanda , Directors of the Company will be retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. During the Financial Year Mr. C.M. Ashok Muni resigned as Director & COO of the Company.

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the Members without the statement of particulars under Section 217(2A). Any Member interested in obtaining a copy of this statement may write to the Company Secretary at the Registered Office of the Company.

Strategic Investment

Your Company proposes to start a wholly owned overseas subsidiary in Australia for the purpose of applying and holding new product registrations for the Company's products as well as trade in molecules for which market exists in the Country .

Environment Protection:

Your Company has been continuously committed to the environment protection and responsible care for all its stake holders. It is also driven as a corporate culture through its various welfare activities.

Your Company has been recommended ISO 9001:2008 certification accreditation for its proven standards covering Quality, Environment, Safety and Health.

Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo

Disclosures required under the provisions of Section 217 (1) (e) of the Act relating to conservation of energy, technology absorption and foreign exchange outgo and earning, in terms of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988, are set out in a separate statement attached hereto and forms part of this report.

Auditors

M/s. M Bhaskara Rao & Company, Chartered Accountants, Hyderabad, the Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

Directors' Responsibility Statement

1. Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that :
2. In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures;
3. 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 31st March, 2011 and of the profit of the Company for the year ended on that date.
4. 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; and

5. The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Personnel

Industrial relations at the factory and at Head Office continued to be cordial.

Corporate Governance

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange forms part of the Annual Report.

Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

Acknowledgement

Your Directors wish to place on record their appreciation of the support, co-operation and assistance received from the Customers, Government authorities, State Bank of India, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited and New India Co-Operative Bank Ltd., Mumbai, Shareholders, Suppliers, Employees, Associates and the community in the vicinity of the plants.

On behalf of the Board

Dr. Nitish K Sen Gupta
Chairman

Place: Hyderabad

Date: 11th May, 2011

ANNEXURE TO THE DIRECTORS' REPORT

FORM -A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A . P O W E R AND FUEL CONSUMPTION	UNIT	2010-11	2009-10
1) ELECTRICITY:			
(A) PURCHASES			
Unit	Kwh	22659794	20737854
Total Amount (Net of Subsidy)	Rs.In Lakhs	935.37	686.31
Rate / Unit	Rs.	4.13	3.31
(B) OWN GENERATION			
(i) Through Diesel Generator Unit	Kwh	1640939	2227599
Unit Per Liter of Diesel Oil	Kwh	2.89	3.18
Cost / Unit	Rs.	13.55	12.03
2. COAL (SPECIFY QUALITY & WHERE USED)		C Rom - Used For Boiler	
Quantity	MT	28498.00	26184.60
Total Cost	Rs.In Lakhs	880.93	764.71
Average Rate / Mt	Rs.	3091.19	2920.45
3. FURNACE OIL			
Quantity (K Ltrs)	KL	167.00	834.40
Total Cost	Rs.In Lakhs	47.44	218.95
Average Rate / KL	Rs	28406	32880
4. OTHERS / INTERNAL GENERATION (Please Give Details)			
Diesel / Furnace Oil			
Quantity	KL	234.607	223.287
Total Cost	Rs.In Lakhs	66.62	57.29
Rate / Unit (KL)	Rs.	28396	25657
5. CONSUMPTION PER TONNE OF PRODUCTION			
Electricity	Kwh	5099	4095
Furnace Oil	KL	0.04	0.16
Coal - Quality: C Rom	MT	6.57	5.17
Others (Specify) - Diesel/ Farm Waste	KL	0.05	0.04

FORM B

Form for disclosure of Particulars with respect to technology absorption.

A. RESEARCH AND DEVELOPMENT (R&D)

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | a. R& D Work on the existing processes to make them environmentally friendly and cost effective.

b. Indigenous process developments for new products. |
| 2. Benefits derived as a result of the above R&D | Increased export business and improved product quality. |
| 3. Future plans of action | Introduction of new products through indigenously developed technology. |
| 4. Expenditure on R&D | |
| a. Capital | Rs. 60.56 Lakhs. |
| b. Recurring | Rs. 100.44 Lakhs. |
| c. Total Expenditure as a percentage of total turnover | 0.28% |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|---|---|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation. | Increased size of R&D process development, purchase of new equipments and generation of process technical for new products. |
| 2. Benefits derived as a result of the above effort eg. Product improvement, cost reduction product development, import substitution etc., | a. The plants operate effectively with new addition of products.
b. Exports started growing. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the technical year) following information may be furnished | |
| a. Technology imported | None |
| b. Year of import | Not Applicable |
| c. Has technology been fully absorbed | Not Applicable |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | Not Applicable |

C. PARTICULARS OF FOREIGN EXCHANGE EARNINGS AND OUTGO:

- i. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans
- Exports are an important part of Nagarjuna's future growth strategy.

ii. Foreign Exchange Outgo and Earnings

	Rs. in Lakhs
Foreign Exchange Outgo	
Raw Materials	11,981.95
Capital Goods	20.58
Traded Goods	Nil
Others	166.80
Total	12169.33
Foreign Exchange Earnings (FOB Value)	15351.06

A. CORPORATE GOVERNANCE

At Nagarjuna we believe in the philosophy of **SERVING SOCIETY THROUGH INDUSTRY.**

This philosophy is backed by principles of concern, commitment, quality and integrity in all its acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Group towards higher horizons.

At Nagarjuna we continue to strive to transform the business environment we operate in. We are also at work transforming the society around us. Our aim is 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.

B. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company views Corporate Governance under the following major parameters:-

1. Transparency in relation to appointments, remuneration, meetings of the Directors on the Board of the Company, Responsibility and Accountability of the Board of Directors.
2. Providing correct, accurate and relevant information to the shareholders regarding the functioning and performance of the Company pertaining to financial and other non-financial matters.
3. Internal and External Controls and Audits.

Date of Report

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2011.

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

C. BOARD OF DIRECTORS

I. Pecuniary Relationship

Non Executive Directors do not have any pecuniary relationship with the Company except as stated in Clause "F" of the Report.

ii. Composition

The present strength of the Board of Directors is 12 (twelve).

The Board consists of eminent persons with considerable professional expertise and experience in setting up and operating agrochemical manufacturing plants and pesticide formulations and in other fields such as finance, accounts, legal and taxation.

The Company has not entered into any materially significant transactions with its promoters, directors, management or relatives etc., which could have a potential conflict of interest with the Company.

The details of the composition of the existing **Board of Directors** are given below:

Sl No.	Name of the Director	Designation	Executive/ Non-Executive/ Independent	No. of other directorships held		Membership held in Committees of other Companies	No. of Board Meetings attended	Attendance at the last AGM held Y/N
				Public	Private			
1	Dr.Nitish K. Sen Gupta	Chairman	Independent & Non-Executive	5	1	-	4	Y
2	Mr.K.S.Raju	Director	Non-Executive	8	7	4	4	Y
3	Mr.Sukhendu Ray	Director	Independent & Non-Executive	5	-	7	4	Y
4	Mr.P.K.Mallik	Director	Independent & Non-Executive	-	-	-	2	N
5	Mr.D. Ranga Raju	Director	Independent & Non-Executive	2	1	-	4	Y
6	Mr. K.Rahul Raju	Director	Non-Executive	5	7	-	1	N
7	Mrs.K.Lakshmi Raju	Director	Non-Executive	2	-	-	2	N
8	Mr.R.S.Nanda	Director	Non-Executive	2	-	-	4	Y
9	Mr.Sudhakar Kudva	Director	Non-Executive	1	-	-	4	Y
10	Mr.N.Vijayaraghavan	Whole Time Director	Executive	-	-	-	4	Y
11	Mr.K.Raghuraman*	Director	Independent & Non-Executive	8	1	10	3	Y
12	#Mr. C.M Ashok Muni*	Director & COO	Executive	1	-	-	3	Y

*Leave of absence was obtained from the director.

*# Resigned as Director & COO w.e.f.28-1-2011.

During the year under review, Four Board Meetings were held on 26th April,2010, 30th July, 2010, 28th October, 2010, 28th January, 2011.

D. INFORMATION TO THE BOARD

During the year, the Board of Directors of the Company had been furnished information (including, but not limited to the following) to enable the Directors contribute in the decision making process:

- Quarterly results of the Company.
- Annual operating plans, budgets, capital budgets, updates and all variances.
- Contracts in which directors are deemed to be interested.
- 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.

E. COMMITTEES OF DIRECTORS

The Board of Directors have constituted the following committees with adequate delegation of powers to discharge day-to-day affairs of the Company as well as to meet the exigencies of the business of the Company.

The Committees constituted by the Board as on date are:

1. Share Committee (Shareholders and Investors' Grievance Committee):

The Share Committee approves and monitors transfers, transmission, splitting and consolidation of shares issued by the Company. The Committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of Annual Report, dividend etc.

Mr.K.S.Raju chairs the Share Committee. The other members of the Committee are Mr. D. Ranga Raju and Mr.R.S.Nanda.

The quorum of the Committee is 2 members.

The Committee met 12 times during the year. The power to process dematerialization requests has also been delegated to the executives of the Share Transfer Agents of the Company to avoid delays. All the share transfer applications received up to 31st March, 2011 have been processed. The details of share transfers are reported to the Board of Directors.

Further, no penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any statutory authority, on any matter related to capital markets, during the last three years. There are 99 requests for transfer of shares and 273 requests for dematerialization were received during the year.

The Company during April 1st, 2010 to March 31st, 2011 received 506 letters / complaints

from the investors. All the complaints were attended to and resolved and there were no balance letters / complaints pending resolution.

The details of attendance of members of the Share Committee Meeting are as follows:

Name of the Member	Status	No. of meetings attended (Total held-10)
Mr.K.S.Raju	Chairman	10
Mr.D.Ranga Raju	Member	8
Mr.R.S.Nanda *	Member	10

2. Audit Committee:

The Audit Committee constituted by the Board consists of Dr. Nitish K Sen Gupta, Chairman, Mr. D. Ranga Raju, Director, Mr. P.K. Mallik, Director and Mr. Sukhendu Ray, Director. The Committee is chaired by Dr. Nitish K Sen Gupta.

The quorum of the Committee is 2 members.

The terms of reference of the Audit Committee are in accordance with paragraph C & D of Clause 49(ii) of the Listing Agreement entered into with the Stock Exchange and inter-alia includes the following:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Director's Responsibility statement to

- be included in the Board's report in terms of clause (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 judgment 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 accounting standards.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 7. 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.
 8. Discussion with internal auditors any significant findings and follow up thereon.
 9. 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.
 10. 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.

11. 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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
14. To review the Company's financial and risk management policies.

The Statutory Auditors, the Internal Auditors were present as invitees for the meetings of the Audit Committee.

The Audit Committee of Directors had met four times during the period under review and the meetings were held on 26th April, 2010, 30th July, 2010, 28th October, 2010 and 28th January, 2011. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held 4)
Dr.Nitish K Sen Gupta	Chairman	4
Mr.D. Ranga Raju	Member	4
Mr. Sukhendu Ray	Member	4
Mr. P.K. Mallik	Member	2

3. Banking Committee:

The Banking Committee constituted by the Board consists of Mr. K.S.Raju, Director, Mr. D. Ranga Raju, Director and *Mr. N.Vijayaraghavan, Whole Time Director .The Committee is Chaired by Mr. K.S.Raju.

The quorum of the Committee is 2 members.

The terms of reference of the Banking Committee inter-alia includes the following:

- a. To open new Accounts with any Bank and approve the list of persons authorised to operate such accounts and to make such changes as may be necessary from time to time.

- b. Availment of working capital facilities/ credit facilities by the Company, subject that such credit facilities so availed along with the existing credit facilities, shall not exceed the limits as approved by members of the Company u/s 293 (1) (d) of the Companies Act, 1956.
- c. To authorise persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.
- d. To authorize closure of Accounts of the Company, with various Banks, as may be occasioned from to time.

During the year the Committee met 3 times. The details of attendance of members of the Banking Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held –7)
Mr. K.S. Raju	Chairman	2
Mr. D.Ranga Raju	Member	2
Mr. N. Vijayaraghavan**	Member	1

** Inducted as member w.e.f. 28-1-2011 in place of Mr. C.M Ashok Muni, who has resigned as Director & COO.

The quorum of the Committee is 2 members.

4. Remuneration Committee:

The Company had constituted a Remuneration Committee with three independent Non-Executive Directors to determine the remuneration package of Managing Director / whole time Directors. The Remuneration Committee as on 31st March, 2011 comprised of Dr. Nitish K Sengupta, Chairman, Mr. Sukhendu Ray, Member and Mr. P.K. Mallik, Member. The functioning and terms of reference of the Remuneration Committee are as prescribed under the Listing Agreement with the Stock Exchanges and it determines the Company's

policy on all elements of the remuneration packages of the Directors including the Executive Directors. The Remuneration of the Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration policy of the Company.

The Remuneration Committee of Directors had met One time during the period and the meeting was held on 29th October, 2010. The details of attendance of member of the Remuneration Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held 1)
Dr.Nitish K Sen Gupta	Chairman	1
Mr. Sukhendu Ray	Member	1
Mr. P.K. Mallik	Member	1

F. REMUNERATION TO DIRECTORS

The Non-executive Directors of the Company are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors. The details of sitting fees paid to the Non-executive Directors of the Company during the year 1st April, 2010 to March 31st, March 2011 is given below:

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors
Dr. Nitish K Sen Gupta	Rs.78000
Mr. Sukhendu Ray	Rs.78000
Mr. P.K. Mallik	Rs.50000
Mr. K.S. Raju	Rs.34000
Mr. D. Ranga Raju	Rs.68000
Mr. K. Rahul Raju	Rs. 4000
Mrs. K. Lakshmi Raju	Rs.20000
Mr. R.S.Nanda	Rs.34000
Mr. Sudhakar Kudva	Rs.34000
Mr. K.Raghuraman	Rs.24000
Total	Rs.424000

The details of remuneration paid for the financial year ended 31st March, 2011 to Mr.C.M.Ashok Muni, Director and Chief Operating Officer is as under:

Component	Rs.
Salary	42,90,429
Perquisites and Other Benefits	4,65,844
Contribution to Provident Fund	2,43,429
Performance Linked Incentive	14,00,000
Total	63,99,702

The details of remuneration paid/payable for the financial year ended 31st March, 2011 to Mr.N.Vijayaraghavan, Whole-time Director:

Component	Rs..
Salary	21,70,380
Perquisites and Other Benefits	25,000
Contribution to Provident Fund	1,29,600
Total	23,24,980

G. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Place
2009-2010	30-07-2010	10.00 A.M	KLN Prasad Auditorium of Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad-500 004.
2008-2009	30-07-2009	10.00 A.M	KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004
2007-2008	28-07-2008	10.00 A.M	KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004

During the previous Annual General Meeting of the Company held on 30.07.2010 a Special Resolution appointing Mr. K.Raghuraman as Director and also re-appointing Mr. N. Vijayaraghavan, as Whole Time Director of the Company has been passed. No other resolution other than this has been passed at the earlier Annual General Meetings.

Further a Notice pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution through Postal Ballot) Rules, 2001, and the consent of the members was obtained by Postal Ballot from the Shareholders dated 14th June, 2010 approving the resolutions under the provisions of Sec.81(1A), 293(1)(d), 293(a), 17 and Sec.149(2A) of the Companies Act, 1956 as contained in the Notice of the Postal Ballot issued to the Shareholders dated 10th May, 2010.

Further there were no Special resolutions requiring a postal ballot is proposed to be placed for the shareholders approval at the forthcoming Annual General Meeting.

H. DISCLOSURES

- a) Disclosures on materially significant related party transactions i.e transactions of the Company of material nature, with the promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large. Details of related party transactions have been disclosed under Note No.... of Schedule R in the financial statements. There are no transactions which may have potential conflict with the interests of the Company at large.
- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by a Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years. There has been no instance of non-compliance.

I. FIXED DEPOSITS

During the period under review, the Company has not accepted any Fixed Deposits in terms of Section 58A of the Companies Act, 1956.

J. UNCLAIMED DIVIDEND

In accordance with the provisions of Section 205-C of the Companies Act, 1956, Unpaid / Un-claimed dividend for a period of seven years will be transferred to Investors Education and Protection Fund established by the Central Government.

K. MEANS OF COMMUNICATION:

The quarterly / half yearly un-audited and annual audited financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board of Directors. The results were published in Business Line , Financial Express and The Economic Times in English and Andhra Prabha in Telugu (regional language). The results are not posted on the Company's Website but are sent to the Bombay Stock Exchange wherein the same is posted in their website www.bseindia.com . Further as required, these are uploaded in the SEBI's Website under Electronic Data Information Filing And Retrieval System (EDIFAR) and can be retrieved from the web site www.sebidifar.nic.in.

L. Compliance of Insider Trading Norms:

The Company in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 has formulated a well defined Insider Trading Policy which prohibits its employees and other associates to deal in the securities of the Company based on any unpublished price sensitive information.

The Insider Trading Policy lays down the guidelines which advise all the persons considered as Insiders on the procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violation.

M. Information required under Clause 49 IV (G)

of the Listing Agreement with respect to the Directors retiring by rotation and seeking reappointment / Directors sought to be appointed is as under:-

At the ensuing Annual General Meeting, Mr. P.K Mallik, Mr. K.S Raju, Mr.Sudhakar Kudva and Mr. R.S Nanda , Directors of the Company, retire by rotation and being eligible seek re-appointment.

On 23rd October, 2010 Mr.N.Vijayaraghavan was re-appointed as Whole-time Director of the Company. On 28th January, 2011 Mr.C.M.Ashok Muni resigned as Director and Chief Operating Officer of the Company. Brief Profiles of the above Directors along with particulars of their directorships and Committee memberships are as under:

N. RE-APPOINTMENT OF DIRECTORS

Mr. K.S.Raju, son of Late Shri K.V.K.Raju is a Graduate in Mechanical Engineering, and has been instrumental in propelling the Group forward, achieving newer heights of glory. A noted entrepreneur, he has successfully led the Group's foray into several core industrial sectors.

Names of the Companies in which Mr. K.S. Raju is a Director :

S. No.	Names of Public Limited Companies
1.	Nagarjuna Fertilizers and Chemicals Limited
2.	Nagarjuna Oil Corporation Limited
3.	Jaiprakash engineering and Steel Company Limited
4.	Nagarjuna Corporation Limited
5.	Himagiri Hydro Energy Private Limited
6.	Himagiri Enterprises Pvt. Ltd
7.	Nagarjuna Oil Refinery Limited
8.	Bhagiradha Chemicals and Industries Ltd.
9.	Nararjuna Agricultural Research & Development Institute
10.	Nagarjuna Foundaion
11.	Kanumuru Properties and Images Pvt. Ltd.

12.	Kanumuru Education & Knowledge Ltd.
13.	The Fertilizers Association of India
14.	Global Horizon Urban Infra (P) Ltd.
15.	KVK Raju Internal Leadership Academy

- O. Mr. P.K.Mallik Director of the Company is a Ex-Senior Partner of Price Waterhouse, Kolkata. He is also Ex-President of Institute of Chartered Accountants of India, Former member of International Audit Practice Committee of International Federation of Accountants and Ex-Sheriff of Kolkata. He has extensive experience in accountancy and auditing. He has been associated with the Company as a Director from 8th December,1986.

Names of other Indian Companies in which Mr. P.K. Mallik is a Director.

S. No.	Names of Public Limited Companies
1.	N R C Limited
2.	CHNHB Association, Kolkata
3.	Kesoram Industries Limited
4.	Peerless Financial Services Limited
5.	International Combustion (India) Limited

Mr.Sudhakar Kudva is a Fellow member of the Institute of Chartered Accountants of the India. He has over 35 years of experience in various senior positions in India and abroad. He has worked with the Nagarjuna Group, Hyderabad from 1981 to 1992, the Indian Seamless Group, Pune from 1992 to 2003 and from 2003 to 2007 with Arcelor Mittal, Algeria. The industry spectrum of his experience includes International Trading and contracting, financial services, manufacture of alloy and carbon steel, seamless tubes, mining, port operations and logistics. His areas of experience include accounting, financial management, treasury management and general management. He is a Non-Executive Director on the Board of Bhagiradha Chemicals & Industries Limited.

Mr.R.S.Nanda born on March 4, 1944, graduated in Mechanical Engineering with distinction from Agra University. After a fairly long stint with the Fertilizers Corporation of India, Mr. R.S. Nanda chose to enter the private sector in 1979. He held senior positions of responsibility in Kanoria Chemicals, EID-Parry and Cyanamid India, before joining Coromandel Fertilizers' Limited (a Murugappa Group Company) in 1992 as Vice President-Manufacturing & Projects. In January, 1994 he was elevated to the position of President & Managing Director of the Company.

Mr. R.S. Nanda was also a Director on the Board of EID-Parry (India) Limited and on the Boards of Godavari Fertilizers & Chemicals Limited, Fertilizers Association of India and Indian Potash Limited. Mr. R.S. Nanda was the Chairman of the Confederation of Indian Industry, Andhra Pradesh State Council for the year 1999-2000 and Chairman of the Fertilizer Association of India, Southern Region, consecutively for two years i.e., in 1997-98 and 1998-99. He is a Whole-time Director and Chief Operating Officer of Nagarjuna Fertilizers' and Chemicals Limited and also a Director of Reliance Cellulose Products Limited.

P. Name and Designation of the Chief Compliance Officer

Mr. D.Suresh Babu, Vice President-Legal and Company Secretary

Q. GENERAL SHAREHOLDERS INFORMATION

(a) 24th Annual General Meeting

Venue : LN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004

Time : 10.00 A.M

Date : 12th August,2011

(b) Listing of Stock Exchange and Stock Code

The Company's securities are listed on the following Stock Exchange.

S. No.	Names and Addresses of Stock Exchange	Stock Code
1.	Bombay Stock Exchange Limited, 1 st Floor, New Trading Ring, Routunda Building, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001	524709 Demat ISIN No. INE295D01012

c. Date of Book Closure : from 05-08-2011 to 12-08-2011 (both days inclusive)**d. Financial Calendar for the year 2010-2011. Tentative Schedule**

Accounting year	1 st April, 2011 to 31 st March, 2012
First Quarter Un-audited Results	July 2010
Second Quarter Half yearly Un-audited Results	October 2011
Third Quarter Un-audited Results	January 2012
Annual Results (Audited)	Within 3 months of the close of the financial year.
Annual General Meeting	In accordance with Section 166 of the Companies Act, 1956.

e. Dividend Patterns

The dividend pattern of the Company is as under:

Year	Dividend (%)
2001-2002	8
2002-2003	10

2003-2004	12
2004-2005 -Interim	15
2004-2005 -Final	7
2005-2006	20
2006-2007 -Interim	20
2006-2007 -Final	20
2007-2008 –Interim -1	10
2007-2008 - Interim- 2	10
2007-2008 - Interim –3	10
2007-2008 – Final	15
2008-2009 - Interim- 1	10
2008-2009 - Interim- 2	10
2008-2009 - Final	30
2009-2010 - Interim -1	20
2009-2010 - Final	30
2010-2011 - Interim	15

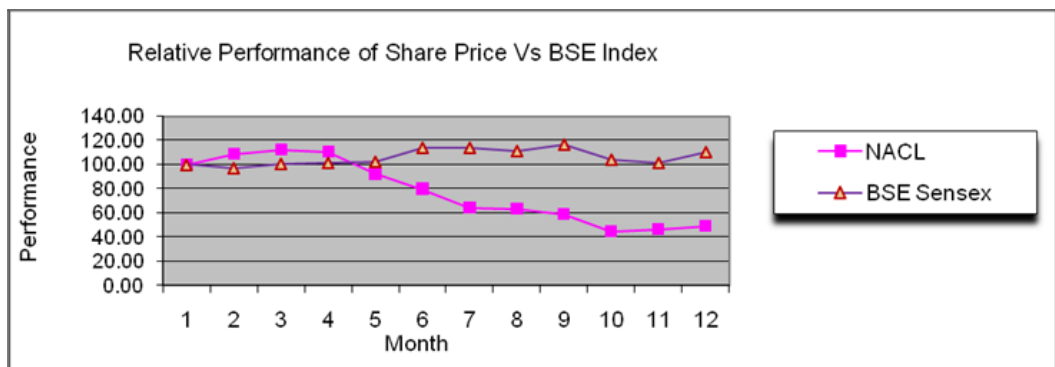
f. Market Price Data – High-Low Quotations on The Stock Exchange, Mumbai during the year April, 1 2010 to March 31, 2011 is as follows:

Month	Bombay Stock Exchange (Rs.)	
	High	Low
Apr10	385.90	261.40
May 10	333.00	284.90
Jun10	338.00	294.00
Jul 10	352.00	290.20
Aug10	298.50	242.20
Sep 10	263.00	209.15
Oct 10	225.90	168.00
Nov 10	229.70	165.55
Dec 10	192.00	155.10
Jan'11	182.90	117.50
Feb 11	155.75	121.50
Mar 11	158.00	129.15

g. **Performance in comparison to BSE sensex .**

Share Price movement for the period April, 2010 to March, 2011 of the Company and BSE Sensex is given below:

Month	NACL Close Price on BSE	Close Price BSE Sensex	Relative Index for Comparison Purpose	
			NACL	BSE Sensex
Apr10	261.40	17,558.71	100.00	100.00
May 10	284.90	16,994.63	108.99	96.79
Jun10	294.00	17,700.90	112.47	100.81
Jul 10	290.20	17,868.29	111.02	101.76
Aug10	242.20	17,971.12	92.65	102.38
Sep 10	209.15	20,069.12	80.01	114.29
Oct 10	168.00	20,032.34	64.27	114.09
Nov 10	165.55	19,521.25	63.33	111.17
Dec 10	155.10	20,509.09	59.33	116.80
Jan'11	117.50	18,327.76	44.95	104.38
Feb 11	121.50	17,823.40	46.48	101.51
Mar 11	129.15	19,445.22	49.41	110.74



h. SHARE TRANSFER AGENT

The Company's Share Transfer Agents are Bigshare Services Private Limited, which is registered with SEBI and is located at G-10, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Hyderabad – 500 082. Phone Nos. 040-23374967, Fax No. 040-23370295. Email ID : bsshyd@bigshareonline.com

i. DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on 31st March, 2011 was as follows:

Share holding range	Shareholding		Shareholding	
	Number	%to total	Number	%to total
001 - 500	9659	93.48	1166482	7.83
501 - 1000	379	3.67	314293	2.10
1001 - 2000	149	1.44	227815	1.53
2001 - 3000	38	0.37	96381	0.65
3001 - 4000	25	0.24	87549	0.59
4001 - 5000	26	0.25	122872	0.83
5001 - 10000	23	0.23	158509	1.06
10001 - 999999999	33	0.32	12724256	85.41
Total	10332	100	14898157	100

j. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011

Category		No. of shares Held	Percentage of Shareholding
A	Promoter's holding	11664186	78.29
B	Non-Promoters Holding		
	l. Institutional Investors		
	a. Mutual Funds and UTI	290665	01.95
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-Govt. Institutions)	500	00.01
	c. Private Corporate Bodies	625474	04.20
	d. Indian Public	2220054	14.90
	e. NRIs	97278	00.65
	GRAND TOTAL	1,48,98,157	100.00

k. SHARES HELD BY NON EXECUTIVE DIRECTORS

The shares held by Non Executive Directors in the Company are

S.No.	Name of the Director	No. of Shares
1.	Mr. K. Rahul Raju	150800
2.	Mrs. K. Lakshmi Raju	151036

I. DEMATERIALISATION OF SHARES AND LIQUIDITY

Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI. Dematerialisation of shares are done through M/s. Big Share Services Private Limited, Hyderabad and on an average the dematerialization process is completed within a period of 21 days from receipt of a valid demat request along with all documents.

The break-up of physical and dematerialised shares as on 31st March, 2011.

Mode	No. of shares held	Shareholding %
Demat	14214221	95.41
Physical	683936	04.59
Total	14898157	100

The shares of the Company are fully covered under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The Company's ISIN No. for dematerialisation for both NSDL and CDSL is INE 295 D01012

m. CIN Number

The Corporate Identity Number ("CIN") of the Company, as allotted by Ministry of Company Affairs is L24219AP1993PLC016607.

n. Whole Time Director / Chief Financial Officer (CFO) Certification

The Whole Time Director and the Chief Financial Officer of the Company, have certified to the Board, in the manner required under the Corporate Governance Code concerning the Annual Financial Statement.

o. The Company has not issued any GDRs / ADRs and there are no warrants or any convertible instruments.

p. Location of Plants

1. Plot No. 177,
Arinama Akkivalasa,
Etcherla Mandal,
Srikakulam District – 532 403
2. Nandigaon Village,
Kothur Mandal,
Mahaboobnagar District.
3. Ravulapalem P.O, Ethakota,
East Godavari District – 533 238

q. Address for Correspondence

The Registered Office of the Company is located at Plot No. 12-A,"C"-Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082.

- r. Telephone No. : 23358217 / 23350235
Fax No. : 23350234
Email id : suresh@nagarjunaagrchem.com
Email id : investors@nagarjunaagrchem.com

By Order of the Board

Dr. Nitish K Sen Gupta
Chairman

Date : 11th May, 2011
Place : Hyderabad

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure and Developments:

Of the US 44 billion US dollar global agrochemical industry, the Indian market is estimated to be around US 1.7 billion dollars and over the years our country has developed a reputation of supplying quality products to the world markets. Indian Agrochemical Industry, with an export of around 1.6 billion dollars, is the fourth largest producer in this segment after USA, Japan and China.

In this context your company plans to intensify its focus on enlarging its contract manufacturing and export business by making synergistic additions to its product portfolio. In the domestic market, it plans to augment its product range for the key crops simultaneously intensifying its level of activity in its already well developed farmer contact programme. A concurrent strategy would be to maximize the productivity of its assets to be able to carry out the above plans with an enhanced and sustainable competitive edge.

Your company is also incorporating elements in its growth strategy to attenuate the negative impact of seasonal vagaries. These will comprise systematic addition of a few fine chemicals and intermediates that will not only provide a growth vector but also stability in its operations.

Opportunities

As the costs of production and controls increase in China, its ability to offer products at lower prices is under pressure creating a positive shift towards India as a preferred global supplier of agrochemicals. Since a large number of molecules will be entering the public domain in the coming years, there exists immense potential for rapid growth for established Indian contract manufacturers.

In the domestic market food security is increasingly becoming a matter of concern caused by static/declining acreage of crops and burgeoning demand for food grains by the fuel, fibre and feed segments apart from the food need of growing population. Agrochemicals are expected to play a major role in fast growth of productivity in the agriculture sector.

With the average pesticide consumption by the Indian farmer at 5 Kg/ Ha being much lower than

the global 10-17 Kg/Ha, it augurs well for the future of agrochemical companies who have a strong farmer reach.

Threats

Aggressive and volatile pricing of the Chinese manufactured inputs for the agrochemicals could lead to unstable manufacturing costs in India. Adoption of alternative systems of combating pests in a few crops could affect the growth in overall off-take. Increase in prices of petroleum products could cause cost escalation a few input items.

Outlook

With the firming up of market and broadening of the product portfolio, outlook for the the export segment is quite positive. Similarly given the forecast of a normal monsoon in 2011, coupled with the company's increased efforts to reach the farmer with more products, prospects for the domestic operations too look bright.

Risks and Concerns

Agrochemical business in the export segment and, the more rain dependent domestic market are inevitably vulnerable to seasonal vagaries and pest infestation levels. Emergence of new and combination products can dampen the growth of generics.

Internal Control Systems

The Company has proper and adequate systems of internal controls, which ensure that all the assets are safeguarded and that all transactions are authorized recorded and reported correctly. The Company maintains adequate and effective internal control systems and suitable monitoring procedures with regard to the purchase of raw materials, stores, plant & machinery, equipment and other assets as well as for sale of goods. The finance and commercial functions have been structured to provide adequate support and controls for the business of the Company.

Industrial Relations and Human Resource Development:

The number of employees in the Company as on March 31st, 2011 was 1078. The Company enjoys

cordial and harmonious industrial relations. Opportunities for individual growth, creativity and dedicated participation in organizational development are a priority in management objective.

Cautionary Statement

The statements in the Report of the Board of Directors and the Management's Discussion & Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed

or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

On behalf of the Board of Directors

NAGARJUNA AGRICHEM LIMITED

Dr. Nitish K Sen Gupta
Chairman

Place: Hyderabad
Date: 11th May, 2011

AUDITOR'S CERTIFICATE

To
The Members of
Nagarjuna Agrichem Limited

We have examined the compliance of conditions of Corporate Governance by NAGARJUNA AGRICHEM LIMITED for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

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 Chartered Accountants 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.

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 that there are no complaints pending as at the year end as stated under serial No. E-1 of the company's report on Corporate Governance.

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 **M.BHASKARA RAO & CO.,**
Chartered Accountants

Place: Hyderabad
Date: 11th May, 2011

(V. RAGHUNANDAN)
Partner
Membership No. 26255

AUDITOR'S REPORT

The Members of
NAGARJUNA AGRICHEM LIMITED

1. We have audited the attached balance sheet of NAGARJUNA AGRICHEM LIMITED as at 31st March, 2011, the Profit and Loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, (Amendment) 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
 - ii) 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;
 - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2011 and, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with "Significant Accounting Policies", note no. 20 regarding reconciliation of unclaimed dividend account and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place: Hyderabad
Date: 11th May, 2011

for **M.BHASKARA RAO & CO.,**
Chartered Accountants
(Firm Registration No: 00459 S)

(V. RAGHUNANDAN)
Partner
Membership No. 26255

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of 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) Fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on physical verification.
 - c) According to the information and explanations given to us, the company has not disposed off substantial part of fixed assets and hence, reporting on the going concern status in this regard does not arise.
- ii)
 - a) Physical verification of inventories has been conducted during the year by the management. In our opinion, the frequency of the 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 and based on the information and explanations given to us, discrepancies noticed on physical verification 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) According to the information and explanations given to us, 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, sub clauses (b), (c) and (d) of clause (iii) of this Order are not applicable.
 - e) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (f) and (g) of clause (iii) of this 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. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- v)
 - a) In our opinion and according to the information and explanations given to us, and based on the representations made by the management, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, sub clause (b) of clause (v) of this Order is not applicable to the Company for the current year.
- vi) The company has not accepted any deposits from public.
- vii) During the year under report, the internal audit of the company has been conducted by Firms of Chartered Accountants. In our opinion the scope and coverage of internal audit is commensurate with the size of the company and nature of its business.

- viii) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, have been maintained. However, we are not required to and, have not carried out any detailed examination of such accounts and records.
- ix) a) According to the records of the company, the company is 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 other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues as at 31st March, 2011 which are outstanding for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess which have not been deposited on account of any dispute except as stated below:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (Rs. Lakhs)	FORUM WHERE DISPUTE IS PENDING
Income Tax	Disputed tax on disallowance of R&D expenditure in AY 2007-08	59.83	Commissioner of Income Tax (Appeals), Hyderabad
	Disputed tax on disallowance of R & D expenditure in AY 2008-09	30.67	Commissioner of Income Tax (Appeals), Hyderabad
Excise Duty	Interest on differential duty paid on supplementary invoices after finalization of cost data of the goods cleared to the sister concern – April 2004 to March 2005 & April 2005 to October 2005)	8.13	CESTAT, Bangalore
	Irregular availment of Cenvat credit of 4% SAD against DEPB and Target plus schemes – July 2006 to March 2007	12.14	Additional Commissioner (Appeals), Visakhapatnam
	Interest on differential duty paid on supplementary invoices after finalization of cost data of the goods cleared to the sister concern – April 2005 to February 2006	4.15	CESTAT, Bangalore
	Irregular availment of Cenvat credit on inputs(welding electrodes) for the period from January 2007 to November 2007	0.41	CESTAT, Bangalore
Service Tax	Interest and Penalty on Service Tax paid on Goods Transport Agencies payment for the period from October 2005 to February 2006	3.39	CESTAT, Bangalore

- x) The company has no accumulated losses as at 31st March, 2011. The company has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.

- xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, banks.
- 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.
- xiii) The company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of clause 4(xiii) of this Order are not applicable.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of this Order are not applicable.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantee for finances taken by others in the course of business are not prejudicial to the interests of the company.
- xvi) Term loans were applied for the purpose for which the loans were obtained.
- xvii) On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long term investment.
- xviii) During the year under report the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures.
- xx) The company has not raised any money by public issue during the year.
- xxi) In accordance with the information and explanations given to us and, on our examination of books and records, no fraud on or by the company has been noticed or reported during the year.

Place: Hyderabad
Date: 11th May, 2011

for **M.BHASKARA RAO & CO.,**
Chartered Accountants
(Firm Registration No: 00459 S)

(V. RAGHUNANDAN)
Partner
Membership No. 26255

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	As at 31-03-2011		As at 31-03-2010	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	148,981,570		148,981,570	
Reserves & Surplus	B	1,877,547,002	2,026,528,572	1,872,903,435	2,021,885,005
Loan Funds					
Secured Loans	C	1,993,574,914		1,790,497,291	
Unsecured Loans	D	56,447,585	2,050,022,499	63,286,131	1,853,783,422
Deferred Tax Liability (Net)			247,033,965		226,373,585
TOTAL			4,323,585,036		4,102,042,012
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	3,249,208,296		2,487,448,372	
Less: Depreciation		1,155,254,019		935,741,428	
Amortisation of Intangibles		15,884,933		11,762,673	
Net Block		2,078,069,344		1,539,944,271	
Capital Work In Progress		70,517,990	2,148,587,334	300,453,804	1,840,398,075
Investments	F		504,628		500,000
Current Assets, Loans and Advances					
Inventories	G	1,457,501,965		1,594,451,981	
Sundry Debtors		1,368,024,126		1,630,515,580	
Cash & Bank Balances		234,593,933		224,947,077	
Other Current Assets		1,699,406		1,319,893	
Loans and Advances		305,580,710		257,066,562	
		3,367,400,140		3,708,301,093	
Less Current Liabilities and Provisions					
Current Liabilities	H	1,182,313,700		1,372,923,563	
Provisions	I	10,593,366		74,233,593	
		1,192,907,066		1,447,157,156	
Net Current Assets			2,174,493,074		2,261,143,937
Accounting Policies & Notes to Accounts	P				
TOTAL			4,323,585,036		4,102,042,012

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report attached
For **M.BHASKARA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

V. Raghunandan

Partner

Place: Hyderabad

Date : 11th May, 2011

K.S. Raju

Director

R.K.S. Prasad

Chief Financial Officer

V. Vijay Shankar

Managing Director

D. Suresh Babu

VP-Legal & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	31.03.2011	31.03.2010
		Rs.	Rs.
INCOME			
Sales (Net of Excise Duty, Rebates&Discounts)	J	5,700,839,769	6,528,663,318
Other income	K	52,696,531	86,657,145
Total		5,753,536,300	6,615,320,463
EXPENDITURE			
Manufacturing and Other Costs	L	4,372,415,891	4,546,893,757
Administrative, Selling/Distribution and Other Expenses	M	841,271,180	724,471,403
Duties and Taxes	N	(9,740,458)	54,804,792
Interest	O	254,560,306	171,489,592
Depreciation	E	230,526,362	204,984,429
Total		5,689,033,281	5,702,643,973
Profit Before Tax		64,503,019	912,676,490
Provision for			
- Current Tax		12,855,774	305,257,465
- Deferred Tax		20,660,382	(738,658)
- Wealth Tax		163,369	174,615
- Prior Years' Tax		34,778	10,417,773
Net Profit after Tax		30,788,716	597,565,295
Balance Brought Forward from the Previous Year		1,436,025,519	985,610,718
Amount available for Appropriation		1,466,814,235	1,583,176,013
Appropriations			
General Reserve		3,500,000	60,000,000
Interim Dividend		22,347,236	29,796,314
Final Dividend		—	44,694,471
Corporate Dividend Tax on Interim Dividend		3,797,913	5,063,884
Corporate Dividend Tax on Final Dividend		—	7,595,825
Balance Carried to Balance Sheet		1,437,169,086	1,436,025,519
		1,466,814,235	1,583,176,013
Basic and Diluted Earning per Share (Rs.)		2.07	40.11
Face value Rs.10 per share (Refer Note B (16) of Schedule P)			
Accounting Policies & Notes to Accounts	P		

The schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our report attached to the Balance Sheet
For **M.BHASKARA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

V.Raghunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place: Hyderabad
Date : 11th May, 2011

R.K.S.Prasad
Chief Financial Officer

D.Suresh Babu
VP-Legal & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxation and Extraordinary items		64,503,019		912,676,490
Adjustments for:				
Add:				
Depreciation	230,527,418		204,984,429	
Foreign Exchange Fluctuations- Unrealised Loss	5,289,866		23,750,007	
Loss on Sale of Fixed Assets	286,145		8,634	
Discarded Assets	15,634		15,744	
Interest	254,560,306	490,679,369	170,879,072	399,637,886
Less:				
Foreign Exchange Fluctuations- Unrealised Gain	12,148,187		16,719,629	
Profit on sale of Assets	21,016		309,464	
		12,169,203		17,029,093
Operating profit before working capital changes		543,013,185		1,295,285,283
Adjustments for:				
Less:				
Increase in Debtors	—		803,005,049	
Increase in Inventories	—		644,072,402	
Increase in Other Current Assets	379,513		490,542	
Decrease in Trade Payables	221,213,076	221,592,589	—	1,447,567,993
		321,420,596		(152,282,710)
Add:				
Decrease in Debtors	273,127,165		—	
Decrease in Loans & Advances	12,503,354		10,314,507	
Decrease in Inventories	136,950,017		—	
Increase in Trade Payables	—	422,580,536	337,223,789	347,538,296
Cash generated from operations		744,001,132		195,255,586
Less:				
Taxes paid	86,594,110	86,594,110	515,387,994	515,387,994
Cash flow before extraordinary items		657,407,022		(320,132,408)
Prior year Taxes (Net)		34,778		10,417,773
NET CASH FROM OPERATING ACTIVITIES		657,372,244		(330,550,181)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
B. CASH FLOW FROM INVESTING ACTIVITIES				
In Flow				
- Sale/ Retirement of Fixed Assets	1,856,703	1,856,703	643,250	643,250
Out Flow:				
- Investments	4,628		500,000	
- Purchase of Fixed Assets	770,789,958		161,658,214	
- Capital work in progress	(229,935,814)		256,713,729	
- Decrease in Creditors (Projects)	(29,399,545)	511,459,227	(1,962,565)	416,909,378
NET CASH USED IN INVESTING ACTIVITIES		(509,602,524)		(416,266,128)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings				
In Flow				
- Term loans	343,605,502		655,461,369	
- Corporate Loan	—		200,000,000	
- Working Capital Loans	170,034,289	513,639,791	415,371,114	1,270,832,483
Out Flow				
- Term Loans	210,447,296		193,454,290	
- Corporate Loans	98,602,397		—	
- Inter Corporate Deposits	—		20,000,000	
- Interest Paid	257,438,971		178,734,526	
- Sales Tax Deferral	6,838,546		5,510,718	
- Corporate Dividend Tax	11,393,738		12,659,709	
- Equity Dividend	67,041,707	651,762,655	74,490,785	484,850,028
NET CASH USED IN FINANCING ACTIVITIES		(138,122,864)		785,982,455
Net increase/(decrease) in cash and cash equivalents (A+B+C)		9,646,856		39,166,146
Cash and Cash equivalents at the beginning of year		224,947,077		185,780,931
Cash and Cash equivalents at the end of year *		234,593,933		224,947,077

* includes Unclaimed Dividends of Rs. 1,01,48,046/- (Last year -Rs. 89,89,567/-)

- Previous year's figures have been regrouped/reclassified, rearranged to conform with Current year's figures.

As per our report attached to the Balance Sheet
For **M.BHASKARA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

V.Raghunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place: Hyderabad
Date : 11th May, 2011

R.K.S.Prasad
Chief Financial Officer

D.Suresh Babu
VP-Legal & Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE - A</u>				
SHARE CAPITAL				
AUTHORISED				
2,00,00,000 Equity Shares of Rs,10/- each		200,000,000		200,000,000
ISSUED & SUBSCRIBED				
1,48,98,157 Equity Shares of Rs10/- each fully paid		148,981,570		148,981,570
Of the above shares 21,03,157 shares are allotted as fully paid on preferential basis				
Of the above shares 1,13,62,350 shares are held by KLR Products Limited (Formerly GSR Products Limited), holding company				
TOTAL		148,981,570		148,981,570
<u>SCHEDULE - B</u>				
RESERVES AND SURPLUS				
Capital Reserve		2,093,500		2,093,500
Securities Premium		24,784,416		24,784,416
General Reserve	410,000,000		350,000,000	
Transfer from Profit and Loss Account	3,500,000		60,000,000	
		413,500,000		410,000,000
Balance in Profit and Loss Account		1,437,169,086		1,436,025,519
TOTAL		1,877,547,002		1,872,903,435
<u>SCHEDULE - C</u>				
SECURED LOANS				
From Banks :				
Term Loans	979,305,759		946,065,326	
Vehicle Loans	723,002		920,101	
		980,028,761		946,985,427
Working Capital :				
- Demand Loan/Cash Credits	960,736,961		843,511,864	
- Buyer's Credit	52,809,192		—	
		1,013,546,153		843,511,864
TOTAL		1,993,574,914		1,790,497,291
<u>SCHEDULE - D</u>				
Unsecured Loans				
Sales Tax Deferral		56,447,585		63,286,131
TOTAL		56,447,585		63,286,131

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011
SCHEDULE — E

FIXED ASSETS

Description	Gross Block at Cost			Depreciation/ Amortisation			Net Block			
	As at 31.03.2010 Rs.	Additions for the year Rs.	Deductions for the year Rs.	As at 31.03.2011 Rs.	upto 31.03.2010 Rs.	For the year Rs.	Adjustments Rs.	Upto 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Land	43,602,748	28,602,850	—	72,205,598	—	—	—	—	72,205,598	43,602,748
Buildings	319,062,594	37,389,526	—	356,452,120	63,426,446	10,660,486	—	74,086,932	282,365,188	255,636,148
Plant & Machinery	1,892,853,287	660,370,850	—	2,553,224,137	782,429,384	195,408,443	—	977,837,827	1,575,386,310	1,110,423,903
Electrical Installations	125,852,987	20,349,371	—	146,202,358	56,269,226	10,265,324	—	66,534,550	79,667,808	69,583,761
Furniture & Fixtures	11,532,050	10,017,431	—	21,549,481	4,587,785	1,765,438	—	6,353,223	15,196,258	6,944,265
Office Equipments	9,166,687	5,848,569	82,722	14,932,534	2,001,838	843,987	11,198	2,834,627	12,097,907	7,164,849
Vehicles	29,599,800	3,855,850	3,412,116	30,043,534	7,324,568	2,939,717	1,467,884	8,796,401	21,247,133	22,275,232
Computers & Peripherals	38,622,363	2,427,295	5,535,195	35,514,463	19,702,181	4,521,763	5,413,485	18,810,459	16,704,004	18,920,182
INTANGIBLES										
Goodwill (Techno Commercial Rights)	12,139,856	—	—	12,139,856	9,711,885	1,213,986	—	10,925,871	1,213,985	2,427,971
SAP Upgrade License/ Implementation fees	5,016,000	1,928,215	—	6,944,215	2,050,788	2,908,274	—	4,959,062	1,985,153	2,965,212
Total	2,487,448,372	770,789,957	9,030,033	3,249,208,296	947,504,101	230,527,418	6,892,567	1,171,138,952	2,078,069,344	1,539,944,271
Previous Year	2,323,575,626	167,361,698	3,488,952	2,487,448,372	745,650,460	204,984,429	3,130,788	947,504,101	1,539,944,271	1,577,925,166
Capital Work-in Progress										
- Plant & Machinery under Erection									6,983,472	82,025,121
- Civil Works									14,026,465	3,138,108
- Expenditure pending Allocation (as per Annexure)									—	22,856,664
- WIP Others									17,663,843	17,592,000
- Advances on Capital Account (Considered good)									31,844,210	174,841,911
Total									70,517,990	300,453,804
Previous Year									300,453,804	38,425,322

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

ANNEXURE TO SCHEDULE E - EXPENDITURE PENDING ALLOCATION

	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
<u>SEZ PROJECT:</u>				
Advertisement	1,200,000		500,000	
Communication Expenses	67,283		67,283	
Salaries & Wages	15,909,057		10,594,176	
Contributions to Provident Fund & Other Funds	892,853		609,963	
Staff Welfare	11,767		11,767	
Directors Travel	13,884		13,884	
Fixed Assets	354,112		174,981	
Miscellaneous Expenses	345,492		183,477	
Rents	179,167		87,500	
Consultancy	12,473,388		2,077,268	
Travel & Conveyance	2,382,211		1,521,612	
	33,829,214		15,841,911	
Less: Capitalised	242,293		-	
	33,586,921		15,841,911	
Less: Charged off to Profit & Loss account	33,586,921	-	-	15,841,911
<u>WIND POWER PROJECT:</u>				
Consultancy	3,768,450		1,700,000	
Travel & Conveyance	70,154		-	
Fixed Assets	332,132,260		-	
Miscellaneous Expenses	256,397		-	
Finance Cost	2,461,321		-	
	338,688,582		1,700,000	
Less: Capitalised	338,688,582	-	-	1,700,000
<u>EXPANSION/ DE-BOTTLENECKING WORKS:</u>				
Financial Charges	14,202,564		2,396,764	
Interest	8,405,294		2,917,989	
	22,607,858		5,314,753	
Less: Capitalised	22,607,858	-	-	5,314,753
TOTAL		-		22,856,664

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Nos	Nominal Value	As at 31-03-2011		As at 31-03-2010	
			Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE - F</u>						
INVESTMENTS - Unquoted - long term						
Non-Trade - at cost						
Equity shares of New India						
Co-op Bank Ltd	50000	Rs.10/-		500,000		500,000
(Scheduled Bank)						
Ordinary shares of						
Nagarjuna Agrichem (Australia)						
Pty Ltd	100	AU\$ 1/-		4,628		—
TOTAL				504,628		500,000
<u>SCHEDULE - G</u>						
CURRENT ASSETS						
I INVENTORIES						
Raw Materials						
			656,540,772		597,326,209	
Work-in-Process						
			91,729,829		113,940,208	
Finished Goods						
			572,539,784		813,147,401	
Traded Products						
			98,855,847		37,174,208	
Stores and Spares						
			37,835,733		32,863,955	
				1,457,501,965		1,594,451,981
II SUNDRY DEBTORS (Unsecured)						
- Debts Outstanding for a period exceeding Six Months						
			81,801,219		43,395,855	
- Considered Good						
			1,286,222,907		1,587,119,725	
- Other Debts						
- Considered Good						
				1,368,024,126		1,630,515,580
III CASH AND BANK BALANCES						
Cash on Hand						
			631,082		605,567	
Balances with Scheduled Banks						
i) Current Accounts						
			232,955,176		191,944,108	
ii) Deposits / Margin Money Accounts						
			1,007,675		32,397,402	
				234,593,933		224,947,077
IV OTHER CURRENT ASSETS						
Interest accrued on Deposits						
				1,699,406		1,319,893
V LOANS AND ADVANCES (UNSECURED)						
- Considered Good						
Advances recoverable in cash or in kind for value to be received						
			179,757,073		160,553,360	
Claims recoverable						
			2,228,841		33,880,621	
TDS & Advance tax (net)						
			61,017,502		5,205,741	
Deposits with						
- Government Departments						
			62,070,794		57,373,290	
- Others						
			506,500		53,550	
				305,580,710		257,066,562
TOTAL				3,367,400,140		3,708,301,093

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE- H</u>				
CURRENT LIABILITIES :				
Sundry Creditors				
i) Micro & Small Enterprises (Refer Note B (8) of Schedule P)	11,431,821		26,038,875	
ii) Other Creditors - Suppliers/Services	936,345,569		1,143,072,374	
		947,777,390		1,169,111,249
Unclaimed Dividends		10,148,046		8,989,567
Advances/Deposits received from customers		203,120,649		152,654,425
Other Liabilities		20,909,511		38,931,555
Interest accrued but not due		358,104		3,236,767
TOTAL		1,182,313,700		1,372,923,563
<u>SCHEDULE- I</u>				
PROVISIONS :				
Taxation - (Net of Advance Tax)				
- Income Tax		—		12,557,465
- Wealth Tax		163,369		174,615
Corporate Dividend Tax		—		7,595,825
Proposed Equity Dividend		—		44,694,471
Provident Fund		2,686,383		2,749,230
Gratuity		2,201,482		2,800,519
Leave Encashment		5,542,132		3,661,468
TOTAL		10,593,366		74,233,593

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - J				
SALES (Net of Rebates/Discounts)				
- Domestic	4,643,977,348		4,592,698,055	
- Exports	1,553,295,443		2,334,361,172	
	6,197,272,791		6,927,059,227	
Less Excise Duty/Sales Tax & VAT	653,278,580		557,120,744	
SALES (Net of Excise Duty, Rebates/Discounts)				
Conversion charges		5,543,994,211		6,369,938,483
Income from Operations		32,556,599		75,082,206
		124,288,959		83,642,629
TOTAL		5,700,839,769		6,528,663,318
SCHEDULE - K				
OTHER INCOME				
Interest (TDS Rs. 82783/- Previous year Rs.2437463/-) (includes Rs. Nil on advances Previous year Rs.21927491/-)		2,141,900		25,211,745
Excess Provisions Written Back		31,802,608		27,892,404
Profit on sale of Fixed Assets		21,016		309,464
Bad Debts written off recovered		3,943,802		2,551,465
Others		14,787,205		30,692,067
TOTAL		52,696,531		86,657,145
SCHEDULE - L				
MANUFACTURING AND OTHER COSTS				
- Consumption of Raw Materials		3,041,651,782		4,067,251,818
- Cost of Traded Goods sold		371,672,338		252,206,673
- Consumption of Packing Material		275,553,004		291,676,750
- Power & Fuel		243,140,546		214,633,434
- Consumption of Stores and Spares		38,165,672		45,752,904
- Repairs to				
Plant and Machinery	2,203,329		971,923	
Buildings	1,991,029		2,727,531	
Others	2,198,375		1,484,770	
		6,392,733		5,184,224
- Other Manufacturing Costs		133,021,819		124,592,855
		4,109,597,894		5,001,298,658
- (Increase)/Decrease in Stocks - Annexure		262,817,997		(454,404,901)
TOTAL		4,372,415,891		4,546,893,757
(INCREASE)/DECREASE IN STOCKS - Annexure				
Opening Stock of :				
Finished Goods	813,147,401		327,938,174	
Work-in-Process	113,940,209		144,744,535	
		927,087,610		472,682,709
Closing Stock of :				
Finished Goods	572,539,784		813,147,401	
Work in Process	91,729,829		113,940,209	
		664,269,613		927,087,610
(Increase)/Decrease in Stocks		262,817,997		(454,404,901)

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	31-03-2011		31-03-2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - M				
ADMINISTRATIVE, SELLING/DISTRIBUTION AND OTHER EXPENSES				
Salaries, Wages and Allowances		367,015,108		319,383,198
Contribution to Provident Fund and other Funds		17,748,316		15,895,004
Staff Welfare Expenses		15,901,710		13,384,166
Rent -Premises		19,254,499		9,528,816
Rates and Taxes		4,335,697		9,401,467
Communication Expenses		9,844,647		10,136,054
Travelling and Conveyance		73,983,233		62,953,194
Technical Consultancy		4,852,697		5,694,218
Legal and Professional Charges		13,406,377		16,039,087
Insurance		8,815,608		8,331,880
Directors' Sitting Fees		424,000		284,000
Directors' Travelling and Other Expenses		1,550,216		1,821,075
Payments to Auditors		1,864,772		1,777,500
Software Expenses		1,611,501		1,611,500
R & D Expenditure		915,782		1,896,212
Exchange Fluctuation on Foreign Currency		4,959,708		—
Miscellaneous Expenses		27,297,848		27,085,453
CWIP Written off		30,303,168		-
(Refer Note B (7) of Schedule P)				
Loss on Discarded Assets		15,634		15,744
Loss on Sale of Assets		286,145		8,634
Bad Debts Written Off		26,384,359		7,244,720
Selling and Distribution Expenses		210,500,155		211,979,481
TOTAL		841,271,180		724,471,403
SCHEDULE - N				
DUTIES AND TAXES				
Excise Duty	463,795,638		454,803,302	
Less : Adjusted to Turnover	473,536,096		399,998,510	
		(9,740,458)		54,804,792
Sales Tax & VAT	179,742,483		157,122,234	
Less : Adjusted to Turnover	179,742,483	—	157,122,234	—
TOTAL		(9,740,458)		54,804,792
SCHEDULE - O				
INTEREST				
Interest on				
- Term Loans		98,767,103		22,775,751
- Working Capital Loans		89,721,425		66,088,917
- Others		38,501,973		46,518,795
Bank charges		11,087,923		17,838,174
Financial Charges		16,481,882		18,267,955
TOTAL		254,560,306		171,489,592

SCHEDULE 'P'

A. Significant Accounting Policies

1. Accounting Convention:

The financial statements are prepared on the basis of going concern, under the historical cost convention, in accordance with the generally accepted principles and provisions of the Companies Act, 1956, with revenues recognised and expenses accounted on accrual basis unless otherwise stated.

2. Use of Estimates:

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, the amounts of revenue and expenses during the reported period. Actual results could differ from those of estimates. Any revision to such estimates is recognized in the period the same is determined.

3. Fixed Assets:

- a) Fixed assets are stated at historical cost. (Net of Modvat / Cenvat Credit availed), less accumulated depreciation and impairment loss if any.
- b) Capital Work-in-progress is stated at amount expended (including advances) upto the date of the Balance Sheet.
- c) Expenditure during construction period other than those directly related to an asset is included under "Expenditure pending allocation" to be allocated to various fixed assets at the time of commencement of commercial production, as determined in accordance with the generally accepted accounting policies.

4. Depreciation:

Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 (as amended from time to time). Depreciation on impaired assets is provided by a systematic allocation of the depreciable amount over the remaining useful life of such assets.

5. Intangibles:

- a) Goodwill is amortised over a period of Ten years.
- b) SAP Upgrade License/ Implementation fees is amortised over a period of Twenty four months.

6. Investments:

Investments are stated at cost less any diminution in their value, which is other than temporary.

7. Inventory:

The method of valuation of various categories of Inventories is as follows:-

- a) Raw materials - at lower of cost and net realizable value.
- b) Work-in-process - at cost.
- c) Finished goods - at lower of cost and net realisable value. Cost includes cost of direct material, labour, factory overheads inclusive of excise duty.
- d) Stores & Spares, Packing material - at lower of cost and net realizable value.
- e) Traded goods - at lower of cost and net realizable value.

Cost is ascertained on the "Weighted Average" basis.

8. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing at the dates of the transaction. Monetary items are translated at the year end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities/ assets are recognized as income or expense in the year in which they arise.

9. Capital Subsidy:

Capital investment subsidy not specifically related to any fixed asset is credited to a specific reserve upon receipt and retained till the requisite conditions are fulfilled. On fulfillment of such conditions, the subsidy is transferred to Capital Reserve.

10. Revenue:

- a) Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- b) Sales are recognized at the point of despatch of materials to customers from plant and/or stocking points.
- c) Revenue from processing/ conversion services is recognized when the underlying goods are manufactured and ready for delivery i.e., on completion of service.

11. Employee benefits:

- a) Provident Fund is administered through Regional Provident Fund Commissioner. Contributions to the above fund are charged to the Profit & Loss Account.
- b) Provision for Gratuity is made on the basis of an actuarial valuation at the Balance Sheet date carried out by an independent actuary. The Gratuity Fund is administered through a scheme of Life Insurance Corporation of India / ING Vysya Life Insurance Company Private Limited. The contribution to the said fund is charged to the Profit & Loss Account.
- c) Provision for Leave encashment cost is made on the basis of an actuarial valuation at the Balance Sheet date carried out by an independent actuary.

12. 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. Interest on Bank Borrowings and other short term and long term borrowings is recognised as an expense in the year in which they are incurred.

13. Deferred Tax:

Deferred Tax is recognized on the timing differences and accounted at the current rate of tax. Deferred Tax Asset is recognized only if there is virtual certainty of its realization.

14. Impairment of Assets:

Impairment of an asset is reviewed and recognized in the events of changes and circumstances indicate that the carrying amount of an asset is not recoverable. Difference between the carrying amount of an asset and the recoverable value is recognized as impairment loss in the statement of profit and loss in the year of impairment.

15. Contingencies:

The Company recognizes 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 obligation. A disclosure for Contingent Liabilities is made in the notes to accounts when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

16. Earnings per Share:

Earnings per Share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

17. Segment Reporting:

Segments are identified in line with AS 17 “Segment Reporting” and taking into consideration that difference in risk and returns of the segment.

18. Research and Development:

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of fixed assets.

B. NOTES FORMING PART OF THE ACCOUNTS

1. a. Estimated amount of contracts, remaining to be executed on Capital account and not provided for (net of advances) **Rs. 897.18 Lacs** (Previous year Rs. 2183.23 Lacs).

b. Contingent Liabilities

Particulars	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
Letters of Credit	2670.00	2378.39
Counter Guarantees *	774.19	631.35
Excise Duty, Service Tax Demands – Company has appealed against orders raised the demands	28.23	54.11
Income Tax Demands – Company has appealed against orders raised the demands	90.50	120.79

* Includes renewal of guarantee provided on behalf of Nagarjuna Hydro Energy Pvt Ltd for an amount of **Rs. 475.37 Lacs** (Previous year Rs. 463.88 Lacs).

2. Secured Loans:

The Term Loans (except Wind energy project term loan) availed from State Bank of India, IDBI Bank Ltd & HDFC Bank Ltd and the External Commercial Borrowing (ECB) from ICICI Bank Limited are secured by way of equitable mortgage by deposit of title deeds of the Company’s immovable properties both present and future and by way of first charge of all fixed assets of the Company as a primary security and hypothecation of movable properties of the company ranking pari passu and borrowings from State Bank of India, IDBI Bank Ltd and ICICI Bank Ltd are further secured by a second charge on the current assets of the company consisting of stock in trade, book debts and stores and spares.

Term Loan availed from State Bank of India for Wind power project is secured by way of mortgage by deposit of title deeds of the project’s immovable properties and by way of first charge of all project fixed assets as a primary security.

Working Capital Term Loan availed from New India Co-operative Bank Ltd is secured by way of first charge, ranking pari passu, of all movable fixed assets of the company as a primary security.

Cash Credits, Working Capital Demand Loan including Non Fund Based Limits of Letters of Credit and Bank Guarantees from State Bank of India, IDBI Bank Ltd & HDFC Bank Ltd and Corporate Loan availed from State Bank of India are secured by way of hypothecation of current assets comprising of stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge of the company's immovable and hypothecation of movable properties, both present and future, ranking pari passu with the term loan lenders.

Term loans from banks (except Term Loan from HDFC Bank Ltd & Corporate Loan from State Bank of India and Working Capital Term Loan from New India Co-operative Bank Ltd availed during the financial year 2009-10) and working capital loans from banks are personally guaranteed by Sri K.S. Raju, a Director of the company.

3. Unsecured Loans:

Sales Tax Deferral:

Sales Tax Deferment: Vide order No.10/1/5/0564/0696 dated 26th April, 1995 the Government of Andhra Pradesh had sanctioned Sales Tax Deferment to the Company in respect of Monocrotophos for a period of ten years commencing from 1.7.1994; subject to a maximum of Rs.1330.27 Lacs. Based on the Sales Tax Returns, the sales tax so deferred aggregates net of repayments to **Rs.262.85 Lacs**. (Previous Year Rs. 331.24 Lacs). The repayment of deferred Sales Tax has commenced from July, 2004 as prescribed in the said order.

Further vide Revised order No.10/1/9/0023/0387/ID, dated 31.01.2001, the Government of Andhra Pradesh had sanctioned Sales Tax Deferment to the Company in respect of Acephate and Profenofos for a period of fourteen years commencing from 28.09.1997 for Acephate and from 23.02.2000 for Profenofos, subject to a maximum of Rs.1028.55 Lacs. The Sales Tax deferred in a year is payable at the end of 14th year without interest. First payment commence from 25.09.2013 as prescribed in the order. Since financial year 2006-07, the company has decided not to avail the Sales Tax deferment and opted to pay the sales tax henceforth. Based on the Sales Tax Returns, the sales tax so deferred aggregates to **Rs.301.62 Lacs**. (Previous Year Rs. 301.62 Lacs).

4. Borrowing cost incurred during the year for acquisition of assets aggregated to Rs.172.93 Lacs (Previous year Rs. 110.18 Lacs) plus expenditure pending allocation opening balance of Rs.53.15 lacs against which an amount Rs. 226.08 Lacs (Previous year Rs. 57.03 Lacs) has been capitalized against qualifying assets and the balance Rs. Nil (Previous year Rs. 53.15 Lacs) is included under Expenditure pending allocation.
5. During the year, the company has commissioned Wind energy project with a capacity of 6.3 MW in the month of Sep'10.
6. During the year, the company has incorporated a wholly owned subsidiary as a proprietary company limited by shares viz., Nagarjuna Agrichem (Australia) Pty Limited in Australia under Corporations Act 2001 as on 30.03.2011. As operations are yet to commence in this company, no consolidation of financial statements is required.
7. During the year, the company has written off the expenditure incurred on certain project related activities for Rs.303.03 lacs under the head "CWIP written off" and grouped under "Administrative, Selling/ Distribution and Other Expenses".

8. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company and the required disclosures are given below:

Particulars	As at 31.03.2011 Rs.in Lacs	As at 31.03.2010 Rs.in Lacs
a. Principal amount remaining unpaid	114.32	260.39
b. Interest due there on remaining unpaid	Nil	Nil
c. Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
d. Interest due and payable for the period of delay in making payment (which have been paid put beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
e. Interest accrued and remaining unpaid	Nil	Nil
f. Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

Note: Dues to Micro and Small industrial undertakings, exceeding 45 days – Rs. 24.88 Lacs (Previous year – Rs. 57.11 Lacs)

9. Remuneration to Whole time Directors (Rs.in Lacs)

Particulars	Whole time Directors *	
	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
Salary	65.53	72.46
Perquisites and other Benefits	5.66	3.34
Provident Fund & Other Funds	3.79	4.18
Performance Linked Incentive	14.00	14.00
TOTAL	88.98 **	93.98

* Director & COO has resigned during the financial year 2010-11.

** The company will be applying for the Central Government approval for remuneration paid to the Director & COO, to comply with the provisions of Schedule XIII of the Companies Act, 1956.

10. Payments to Auditors:

S.No.	Particulars	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
1	Statutory Audit *	10.00	10.00
2	Tax Audit *	3.00	1.50
3	Certification *	4.08	4.53
4	Out of Pocket Expenses	1.57	1.75
	TOTAL:	18.65	17.78

* excludes service tax

11. Expenditure on Research & Development.

Particulars	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
Capital Expenditure	60.56	0.99
Revenue Expenditure charged to the Profit and Loss Account	100.44	109.36
TOTAL:	161.00	110.35

12. The information required by Paras 3 & 4 of part II of Schedule VI to Companies Act, 1956 is as under:

A. Capacity and Production:

Particulars		Installed Capacity *	Actual Production Including Captive Consumption	
			2010-11	2009-10
Pesticides:				
A. Technicals	MT Per annum	# 9,528	** 4375	** 5342
B. Formulations				
- Liquids / Wettables/ Granules	KL/MT per annum	38,520	** 20943	** 21201
Wind Energy	KVA Per annum	13,860,000	^ 1,139,501	---

* As certified by the Management & relied upon by the auditors being a technical matter.

* The products manufactured by the Company are under delicensed category.

** Actual Production includes processed for outsiders.

Excludes capacity of intermediates.

^ Generation is net of energy consumed from the grid.

B. Production, Sales and Stock (excluding trading activity):

Particulars	Opening Stock		Production		Turn Over		Closing Stock	
	Qty MT/KL	Value Rs in Lacs	Qty MT/KL	Value Rs in Lacs	Qty MT/KL	Value Rs in Lacs	Qty MT/ KL	Value Rs in Lacs
Pesticides:	626	3756.58	*4375	--	@4746	17934.96	255	1672.62
A. Technicals	(392)	(1702.80)	*(5342)	--	@(5108)	(26961.74)	(626)	(3756.58)
B. Formulations	2412	4374.90	*20943	--	#@19685	38738.96	3670	4052.78
- Liquids / Wettables/ Granules	(1341)	(1576.58)	(21201)	--	#@(20130)	(39184.84)	(2412)	(4374.90)

* Includes purchases from outside

@ Includes captive consumption and cleared for outside processing

Includes processed outside

() Figures in brackets relate to previous year.

C. Trading Activity

	Opening Stock		Purchases		Turn Over		Closing Stock	
	Qty MT/KL	Value Rs in lacs	Qty MT/KL	Value Rs in lacs	Qty MT/KL	Value Rs in lacs	Qty MT/KL	Value Rs in lacs
Formulations	446 (65)	371.74 (83.10)	3552 (1734)	4653.88 (1720.38)	3793 (1353)	5264.05 (3116.68)	205 (446)	988.56 (371.74)

() Figures in brackets relate to previous year

Note: Quantities of Closing Stock of goods mentioned above are after adjustments of excess / shortage upon physical stock counts, free samples under the Company's Schemes and write off.

D. Wind Energy Generation

	Opening Stock		Generation		Turn Over		Closing Stock	
	Qty KVAs	Value Rs in lacs	Qty KVAs	Value Rs in lacs	Qty KVAs	Value Rs in lacs	Qty KVAs	Value Rs in lacs
Wind energy	---	---	1,139,501	---	1,139,501	33.79	---	---

E. Raw Material Consumed:

	Unit	2010-11		2009-10	
		Qty	Value Rs.in Lacs	Qty	Value Rs.in Lacs
Raw Material *	MT/KL	36748	30416.52	38000	40672.52
TOTAL			30416.52		40672.52

* Note:- There is no individual item of raw material consumed exceeding 10% of the total raw material consumed.

F. Value of Raw Material Consumed (Imported & Indigenous)

	2010-11		2009-10	
	Rs. in Lacs	%	Rs. in Lacs	%
Imported	11272.66	37.06	19095.59	46.95
Indigenous	19143.86	62.94	21576.93	53.05
TOTAL	30416.52	100.00	40672.52	100.00

G. Value of Stores and Spares consumed:

	2010-11		2009-10	
	Rs.in Lacs	%	Rs.in Lacs	%
Indigenous	381.66	100	457.53	100

H. Value of Imports Calculated on CIF Basis

	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
Raw Material	11981.95	17448.38
Capital Goods	20.58	119.24

I. Expenditure in Foreign Currency

	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
Traveling Expenses	13.07	17.90
Consultancy Charges	45.17	18.05
Others including Commission	108.56	95.12

J. Earnings in Foreign Exchange

	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
Export of Goods on FOB basis	15351.06	22479.23

13. Foreign Exchange Fluctuations:

Foreign Exchange gain/ (loss)	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
On Exports – adjusted to Export Sales	72.62	(626.86)
On Imports – adjusted to Consumption of Raw materials	1.46	224.18
On Loans & Others shown under - Other Income - Admn, Selling/ Distribution & Other Expenses	(49.59)	234.40
Net Foreign exchange (debited)/ credited to Profit & Loss Account	24.49	(168.28)

14. Segment Reporting**a. Primary Segment Information:**

The Company's main business segment is Agro Chemicals, Wind energy business does not fall under reportable business segment as per Accounting Standard-17. Hence there is no separate reportable business segment as per "Segment Reporting - Accounting Standard-17".

b. Secondary Segment Information:

Secondary Segment reporting is based on the geographical location of customers. The management views India and Outside India markets as distinct geographical segments.

Particulars	2010-11 Rs.in Lacs	2009-10 Rs.in Lacs
Segment Revenue		
(a) India	41475.44	41943.02
(b) Outside India	15532.96	23343.61
	57008.40	65286.63

15. Related Party Transactions:**A. Names of related parties and description of relationship.**

Sl. No.	Relationship	Party
1.	Subsidiary Company	Nagarjuna Agrichem (Australia) Pty Limited, Australia
2.	Holding Company	KLR Products Limited (Formerly GSR Products Limited)
3.	Associates	iKisan Limited Indo International Fertilizers Ltd. Nagarjuna Fertilizers & Chemicals Ltd Bhagiradha Chemicals & Industries Ltd Nagarjuna Hydro Energy Pvt Ltd
4.	Key Management Personnel (KMP)	Mr.Ashok Muni, Director & COO (part of the year) Mr.Vijaya Raghavan, Whole time Director Mrs.K Lakshmi Raju, Director (having significant influence)
5.	Relatives of Directors	Mr KS Raju (Father of Mrs.K Lakshmi Raju, Director) Mrs.K Lakshmi Raju (Sister of Mr.KS Raju, Director)

B. Related Party transactions are as under:

(Rs. in Lacs)

Sl No	Transaction	Holding Company		Associates		Key Management Personnel		Relatives of Directors	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Sales (incl. Capital)	—	—	—	—	12.48	—	—	—
2	Purchases (incl Capital)	—	7.06	1271.53	1375.12	—	—	—	—
3	Job work Charges	—	—	—	—	—	—	—	—
4	Conversion charges	—	444.33	461.79	—	—	—	—	—
5	Technical Consultancy	—	—	—	195.92	—	—	—	—
6	Building , Equipment & Godown rents -Expense	—	—	7.44	1.20	81.45	0.34	11.16	17.86
7	Godown rent-Income	—	—	5.75	2.46	—	—	—	—
8	Managerial Remuneration	—	—	—	—	87.25	93.98	—	—
9	Advance payments	1.45	850.00	189.22	—	50.15	—	—	—
10	Bank Guarantee given	—	—	475.36	463.88	—	—	—	—
11	Credit balances outstanding as 31 st March	—	—	—	517.73	—	15.36	0.38	—
12	Debit balances outstanding as 31 st March	1.45	635.68	371.05	—	50.15	—	—	2.97

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

(Rs. in Lacs)

Associates:	2010-11	2009-10
Purchases		
- Bhagiradha Chemicals & Industries Ltd	1270.75	1369.38

16. Earnings per Share

Sl. No.	Particulars	2010-11	2009-10
a)	Profit/(Loss) after tax (Rs.in Lacs) (There are no extra ordinary items)	307.89	5975.65
b)	Earnings available to Equity Shareholders (Rs.in Lacs)	307.89	5975.65
c)	Weighted average No. of Shares taken for computing EPS		
	- Basic	1,48,98,157	1,48,98,157
	- Diluted	1,48,98,157	1,48,98,157
d)	Earnings per Share (Rs.) (b/c)		
	- Basic	2.07	40.11
	- Diluted	2.07	40.11

17. Current Tax

It is decided by the management that, even though the wind energy business is entitled for deduction u/s-80 IA for the FY 2010-11, the current AY 2011-12 would not be treated as the initial assessment year.

For the year, the company is obliged to pay current tax of Rs. 128.56 Lacs under the MAT provisions of Section - 115JB of Income-tax Act, 1956. At this stage, Management is of opinion that there is no virtual certainty to recognize MAT Credit entitlement as an asset for the current year as per the Guidance note issued by ICAI.

18. Deferred Tax

Deferred Tax is accounted in respect of the timing differences on a liability method. Deferred Tax Asset has been recognised to the extent where the management is reasonably certain that the realisation is more likely than not.

Deferred Tax Assets and Liabilities are attributable to the following items:

Particulars	Deferred Tax Asset / (Liability) as on 31.03.2011 (Rs. in Lacs)	Deferred Tax Asset / (Liability) as on 31.03.2010 (Rs. in Lacs)
Deferred Tax Asset		
- Provision for Leave Encashment	18.41	12.45
- Unabsorbed depreciation of Wind energy business	775.00	---
- Deferred Tax Asset	793.41	12.45
Deferred Tax Liability		
- Depreciation	(3263.75)	(2276.18)
- Deferred Tax Liability	(3263.75)	(2276.18)

19. Employee Benefit Obligations

A. Defined Contribution Plan:

The company makes Provident Fund contribution to defined contribution retirement benefit plan for qualifying employees. Under the scheme the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

Contribution to defined contribution plan is recognized and charged off for the year as follows:

Rs. in Lacs

Particulars	FY 2010-11	FY 2009-10
Employer's contribution to Provident Fund	90.03	78.07
Employer's contribution to Pension Scheme	64.40	63.87

B. Defined Benefit Plan:

Liability for retiring gratuity as on March 31, 2011 is Rs.248.18 Lacs (as on March 31, 2010 – Rs. 238.51 Lacs) of which Rs.226.16 Lacs (as on March 31, 2010-Rs. 210.50 Lacs) is funded with Life Insurance Corporation of India/ ING Vysya Life Insurance Company Private Limited and the balance is included in provision for Gratuity. Liability for Gratuity has been actuarially determined and provided in the books. The details of the Company's post-retirement benefit plans for its employees are given below which is certified by the actuary.

S.No.	Particulars	31/03/2011	31/03/2010
1	Acturial Assumptions		
	Discount Rate	8%	8%
	Salary Escalation	4%	7%
	Attrition Rate	1-3%	1-3%
	Mortality Table	LIC (1994-96)	LIC (1994-96)
	Retirement Age	58 Years	58 Years
2	Table Showing changes in present value of Obligation as on 31/03/2011		
	Present value of obligations as at beginning of year	238.51	224.01
	Interest cost	19.08	17.92
	Current Service Cost	18.28	22.96
	Benefits Paid	(27.70)	(44.09)
	Actuarial (gain)/ loss on obligations	(0.01)	(17.71)
	Present value of obligations as at end of year	248.18	238.51

3	Table showing changes in the fair value of plan assets as on 31/03/2011		
	Fair value of plan assets at beginning of year	210.50	137.92
	Expected return on plan assets	19.18	11.34
	Contributions	24.19	103.46
	Benefits Paid	(27.70)	(44.09)
	Actuarial gain/(loss) on Plan assets	-	1.88
	Fair value of plan assets at the end of year	226.16	210.50
4	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	210.50	137.92
	Actual return on plan assets	19.18	11.34
	Contributions	24.19	103.46
	Benefits Paid	(27.70)	(44.09)
	Fair value of plan assets at the end of year	226.16	210.50
	Funded status	(22.01)	(28.01)
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	-	-
5	Actuarial Gain/Loss recognized		
	Actuarial (gain)/ loss on obligations	0.01	17.71
	Actuarial (gain)/ loss for the year - plan assets	-	1.88
	Actuarial (gain)/ loss on obligations	(0.01)	19.59
	Actuarial (gain)/ loss recognized in the year	(0.01)	19.59
6	The amounts to be recognized in the balance sheet and statements of profit and loss		
	Present value of obligations as at the end of year	248.18	238.51
	Fair value of plan assets as at the end of the year	226.16	210.50
	Funded status	(22.01)	(28.01)
	Net asset/(liability) recognized in balance sheet	(22.01)	(28.01)

7	Expenses Recognised in statement of Profit and loss		
	Current Service cost	18.28	22.96
	Interest Cost	19.08	17.92
	Expected return on plan assets	(19.18)	11.34
	Net Actuarial (gain)/ loss recognized in the year	0.01	(17.71)
	Past Service Cost	-	-
	Expenses recognised in statement of Profit and loss	18.20	47.25

The obligation of **leave encashment** is recognized based on actuarial valuation made by an independent actuary at the end of the financial year.

20. The company has been regularly transferring unclaimed dividend to the Investor Education and Protection Fund after the expiry of the prescribed period. In respect of previous years the company has obtained details of the account and noticed certain discrepancies which are under reconciliation. For current year the company is yet to receive full information from some banks. Pending receipt of such information the company is in process of reconciling the unclaimed dividend account.
21. Balance of debtors, loans and advances and creditors are subject to reconciliation and confirmation.
22. Figures of the previous year have been re-grouped/recast wherever necessary to conform to the current year's presentation/classification.
23. Figures are rounded off to the nearest rupee.

Signatures to Schedules "A" to "P"

As per our report attached to the Balance Sheet
For **M.BHASKARA RAO & CO.**,
Chartered Accountants

For and on behalf of the Board

V.Raghunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place: Hyderabad
Date : 11th May, 2011

R.K.S.Prasad
Chief Financial Officer

D.Suresh Babu
VP-Legal & Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No.

1 6 6 0 7

State Code

0 1

Balance Sheet Date

3 1 0 3 2 0 1 1

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights issue

N I L

Bonus Issue

N I L

Private Replacement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

4 3 2 3 5 8 5

Total Assets

4 3 2 3 5 8 5

SOURCES OF FUNDS

Paid-up Capital

1 4 8 9 8 2

Reserves & Surplus

1 8 7 7 5 4 7

Secured Loans

1 9 9 3 5 7 5

Unsecured Loans

5 6 4 4 7

Deffered Tax Liability

2 4 7 0 3 4

APPLICATION OF FUNDS

Net Fixed Assets

2 1 4 8 5 8 7

Investments

5 0 5

Net Current Assets

2 1 7 4 4 9 3

Miscellaneous Expenditure

N I L

Accumulated losses

N I L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)

5 7 5 3 5 3 6

Total Expenditure

5 6 8 9 0 3 3

Profit/Loss Before Tax (+)

6 4 5 0 3

Profit/Loss After Tax (+)

3 0 7 8 9

Earning Per Share in Rs.

2 . 0 7

Dividend Rate %

1 5

V. Generic Names of Three Principal Products / Services of the Company as per monetary terms)

Item Code No.

3 8 0 8 1 0 - 2 9

Product Description

I N S E C T I C I D E S



NAGARJUNA AGRICHEM LIMITED

Regd. Office : Plot No.12-A, 'C' Block, Lakshmi Towers,
Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.

Please fill up this Attendance slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the enclosed annual report.

ATTENDANCE SLIP

I hereby by record my presence at the 24th Annual General Meeting of the Company held at 10 a.m on Friday, 12th August, 2011 at M/s Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, PB No.14, Red Hills, Hyderabad – 500 004

REGD. FOLIO NO/ CLIENT ID

NO.OF SHARES

NAME OF THE SHARE HOLDER (IN BLOCK LETTERS)

Note : Member / proxy who wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance at the meeting hall duly signed .

NAGARJUNA AGRICHEM LIMITED

Regd.Office : Plot No.12-A, 'C' Block, Lakshmi Towers,
Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.

REGD. FOLIO NO/ CLIENT ID

PROXY FORM

NO.OF SHARES

I / We
..... being a Member / Members of Nagarjuna Agrichem Limited, hereby
appoint of

as my/our Proxy to attend and vote for me / us and on my/ our behalf at the 24th Annual General Meeting of the Company to be held at 10.am on Friday, 12th August, 2011 at M/s Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, PB No.14, Red Hills, Hyderabad -500 004 at and at any adjournment thereof.

Signed this day of 2011.

Signed by the said

(Rs.1/- Revenue stamp affix)

.....

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

IMPORTANT INFORMATION TO SHAREHOLDERS

The Securities and Exchange Board of India has notified that the shareholders / transferee(s) (including joint holders), holding shares in physical form are required to furnish a certified copy of their PAN card to the company / RTA while transacting in the securities market in relation to transfer, transmission of securities or any other corporate action.

Accordingly, all the shareholders / transferee(s) (including joint holders), are requested to furnish a certified copy of their PAN card to the company / RTA while transacting in the securities market in relation to transfer, transmission of securities or any other corporate action along with the format appended below or email the format to bsshyd@bigshareonline.com

Further the Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide circular dated April 21st, 2011 in terms which a company would have ensured compliance with the provision of section 53 of the Act, If service of document have been made through electronic mode. In such a case, the company has to obtain email addresses of its members for sending e notices / documents eletronically by giving an advance opportunity to the members to register their email addressses to the email id of the company namely investor@nagarjunaagrlichem.com and changes therein, if any, from to time with the company.

Name :

Address :

Folio No. / DP ID and Client ID :

PAN Nos. of all share holders :

Please enclose certified copy of PAN Card of each shareholder

Email ID of 1st named share holder :

Date :

Place :

Signature

