

NAGARJUNA AGRICHEM LIMITED

Annual Report 2011-2012



Growing Steadily ... Surely



Inauguration of R & D Center by Our Group Chairman Sri K. S. Raju



R & D Lab



Inner View of R & D



Zero Liquid Discharge (ZLD) unit at Sriakulam
Biological Plant



ZLD - MEE 4 (15 KL/hr)



ZLD - Biological Plant

BOARD OF DIRECTORS

Dr.Nitish K Sengupta	Chairman
K.S.Raju	Director
K.Lakshmi Raju	Director
K.Rahul Raju	Director
D.Ranga Raju	Director
K.Raghuraman	Director
Sudhakar Kudva	Director
N.Vijayaraghavan	Director
Sukhendu Ray	Director (upto 29-10-2011)
P.K.Mallik	Director (upto 27-01-2012)
R.S.Nanda	Director (upto 18-04-2012)
V.Vijay Shankar	Managing Director



Day - **Wednesday**
Date - **26th September, 2012**
Time - **10.00 a.m**
Venue - **KLN Prasad Auditorium**
Federation of Andhra Pradesh
Chamber of Commerce and Industry
Federation House, 11-6-841
Red Hills, Hyderabad-500 004, A.P.

SENIOR MANAGEMENT

Amit Taparia	: Sr. General Manager, Procurement & SCM
G.Jagannadha Rao	: Vice President - Exports
Harish Chandra Bijlwan	: Sr. General Manager - Business Tech. & Outsourcing
J.Satyanarayana Das	: Vice President - Manufacturing (Ethakota)
K.G.Vadivel	: Vice President - Manufacturing (SKLM)
Manikkam Natarajan	: Vice President - Marketing & Sales
R.K.S.Prasad	: Chief Financial Officer
Satish Kumar Subudhi	: Company Secretary & Head-Legal
S.Chandra Sekhar	: Vice President - Corporate HPD
S.V.S.Rama Raju	: President - Operations

Registered Office :

Plot No12-A, "C"Block,
Lakshmi Towers
No.8-2-248/17778
Nagarjuna Hills,Punjabgutta
Hyderabad-500082, A.P.

Factories :

Arinama Akkivalasa
Etcherla Mandal
Srikakulam, A.P.

Ethakota P.O, Ravulapalem
East Godavari (Dist.) A.P.

Shadnagar
Nandigaon Village
Kothur Mandal
Mahaboobnagar, A.P.

R&D Centre :

Shadnagar
Nandigaon Village
Kothur Mandal
Mahaboobnagar, A.P.

Windmill :

Tirunelveli
Tamilnadu

Auditors :

M.Bhaskar Rao & Co.,
Chartered Accountants
5-D,Kautilya, Somajiguda
Hyderabad-500082, A.P.

Cost Auditors :

K.Narasimha Murthy &Co.,
Cost Accountants
3-6-365, 104 & 105
Pavani Estate
Himayathnagar
Hyderabad - 500 029, A.P.

Bankers :

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

Share Transfer Agents :

XL Softech Systems Ltd.,
No.3 Sagar Society,
Road No.2, Banjara Hills
Hyderabad - 500 034. A.P.
Ph : 040 - 23545913/14/15
Fax : 040 - 23350234
E-mail: xlfield@gmail.com

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NOTICE

NOTICE is hereby given that the **25th Annual General Meeting of M/s.Nagarjuna Agrichem Limited** will be held at **10.00 A.M on Wednesday, the 26th day of September, 2012** at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, KLN Prasad Auditorium, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad - 500004 (A.P) to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account and Cash Flow Statement for the year ended on 31st March 2012, the Balance Sheet as at that date and the Auditors Report and the Directors Report thereon.
2. To declare Dividend for the financial year 2011-12.
3. To appoint a Director in place of Mrs. K.Lakshmi Raju, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. K. Raghuraman, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. Ranga Raju, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To re-appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants, the retiring Auditors as Statutory Auditors of 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 approve the sub-division of the face value of equity shares and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 13, 16, 94 and other applicable provisions, if any of the Companies Act, 1956 read with the Article 59 of the Articles of Association of the Company (including any modification or re-enactment thereof) and other applicable provisions, if any, and subject to approvals, consents, permissions and sanctions as may be necessary from the concerned Authorities, the existing Authorised Share Capital of the Company comprising 2,00,00,000 (Two Crores only) Equity Shares of ₹ 10/- each aggregating to ₹ 20,00,00,000/- (Rupees Twenty Crores only) be and is hereby sub-divided into 20,00,00,000 (Twenty Crores only) equity shares of the face value of ₹ 1/- (Rupee One only) each, with effect from the 'Record Date' to be determined by the Board of Directors in this regard (hereinafter referred to as "the Board" which expression shall be deemed to include Share Committee or any other duly authorized Committee of Directors thereof) and the Clause V of the Memorandum of Association of the Company be altered accordingly."

"RESOLVED FURTHER THAT pursuant to the sub-division of the Equity Shares of the Company, the paid up Equity Shares of the Company of the face value of ₹

10/- (Rupees Ten) each, as existing on the Record Date, shall stand sub-divided into Ten Equity Shares of the face value of ₹ 1/- (Rupee One only) each fully paid up, with effect from the Record Date."

"RESOLVED FURTHER THAT sub-division of face value of Equity Shares shall have an effect on the outstanding convertible securities / instruments, if any, of the Company such that on conversion of these instruments, 10 (Ten) equity shares of ₹ 1/- each shall be issued against each one originally contemplated equity share of ₹ 10/- each."

"RESOLVED FURTHER THAT the existing physical share certificates in relation to the issued Equity Shares of the Company be cancelled and the Board be and is hereby authorised to call back the same from the Shareholders, if necessary, to issue new share certificates representing the sub-divided equity shares with new distinctive numbers, in lieu thereof, with regard to the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificate) Rules, 1960 and in case of Members who hold the Equity Shares / opt to receive the sub-divided Equity Shares in dematerialised form, the sub-divided Equity Shares shall be credited to the respective beneficiary account of the Members, with their respective Depository Participants and the Company shall take such corporate actions as may be necessary in relation to the existing Equity Shares."

"RESOLVED FURTHER THAT for the purpose of giving effect to the resolution above, the Board of Directors / Share Committee /duly constituted Committee of the Board, be and is hereby authorised to take such steps and actions and give such directions as it may in its absolute discretion deem necessary and to settle any question(s), difficulty or doubt that may arise in this regard and to finalize and execute all documents, deeds and writings as may be necessary, which includes but not limited to preparing, executing and filing necessary applications / forms / returns / documents to the Registrar of Companies, Stock Exchange(s), National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and / or such other Statutory Authorities as may be necessary from time to time and to delegate all or any of the powers to any Director (s) or Company Secretary or any other authorised person(s) to give effect to the above resolutions and to comply with necessary formalities in this regard."

8. **To approve the Amendment of Articles of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :**

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Article 4 of the Articles of Association of the Company be and is hereby altered accordingly by substituting the following Article 4:

Article 4:

The Authorised Share Capital is ₹ 20,00,00,000/- (Rupees Twenty Crores only) divided into 20,00,00,000 (Twenty Crores only) equity shares of the face value of ₹ 1/- (Rupee One only) each with power to increase, reduce or modify the said capital from time to time in accordance with this Articles of Association of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into several classes and to attach there to respectively such preferential, qualified or special rights, privileges or conditions including that of redemption and / or conversion as may be determined by or in accordance with these presents and the provisions of the Law for the time being in force."

"RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby severally authorised to do all such necessary acts, deeds and things as may required to bring into effect the aforesaid resolutions."

9. To approve the appointment and remuneration of Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the earlier resolution passed by the Shareholders in their Annual General Meeting held on 12th August, 2011 and pursuant to the provisions of Sections 198, 269, 309, 310 and 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), and subject to necessary approvals, if any, required to be obtained from the Central Government, 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 Board and Mr. V. Vijay Shankar."

"RESOLVED FURTHER THAT Mr.V.Vijay Shankar be and is hereby paid the following remuneration and perquisites during the term of his office and the same also be paid as minimum remuneration in the event of inadequacy or absence of profits in any financial year during his term of office, as under

- a) for the period from 11th May, 2011 to 14th July, 2011: ₹.4,00,000/- per month, restricted to the ceiling limits of Schedule XIII of the Companies Act, 1956.

- b) for the period from 15th July, 2011 to 10th May, 2014:

Salary :

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

Perquisites:

House Rent Allowance atRs.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).

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

Performance Pay:

Performance pay of ₹.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.

Mediclam:

Mediclam 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.

RESOLVED FURTHER THAT Mr. V. Vijaya Shankar shall be paid an onetime payment of ₹. 20,00,000/-.

"RESOLVED FURTHER THAT the Salary and perquisites shall be interchangeable within the overall ceiling specified above and 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."

"RESOLVED FURTHER THAT 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 and 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.”

By Order of the Board

Satish Kumar Subudhi
Company Secretary & Head-Legal

Place : Hyderabad
Date : 9th August, 2012

Notes:

1. Proxy :

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead and such proxy need not be a member of the Company. Proxies / Power of Attorneys, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to this Annual Report.

2. Explanatory Statement :

The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business items is given below and forms part hereof.

3. Directors proposed to be re-appointed :

Mrs.K.Lakshmi Raju, Mr.K.Raghuraman and Mr. D.Ranga Raju, Directors are retiring by rotation and eligible for re-appointment. Members may kindly refer “Corporate Governance Report”(forms part hereof), for their details.

4. Book Closure :

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 20th September, 2012 to Wednesday, 26th September, 2012 (both days inclusive).

5. Dividend :

- i. The dividend on Equity Shares for the financial year 2011-12, will be paid after declaration by the members:
 - a. in respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on 26th September, 2012, after giving effect to all valid share transfer documents lodged with the Company / its RTA on or before Wednesday, 19th September, 2012.
 - b. in respect of shares held in electronic form, to those beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours on Wednesday, 19th September, 2012.
- ii. The Members are hereby informed that the Company would transfer the dividends, which remain unclaimed for a period of 7 years, to the Investor Education

and Protection Fund (“IEPFund”) constituted by the Central Government under Section 205C of the Companies Act, 1956.

- iii. Further, the Company shall not be in a position to entertain the claims of the Shareholders for the unclaimed dividends which have been transferred to IEP Fund.
- iv. In view of the above, the Shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years 2004-05 (final dividend) through 2010-11 (interim dividend) to the Share Transfer Agent (RTA) office or to the Registered Office of the Company at Hyderabad for issue of cheques/ demand drafts before the due dates for transfer to the IEP Fund.
- v. Investors holding shares in physical forms are advised to forward the particulars of their bank account, name, branch and address of the bank to our RTA immediately, if not sent already, so as to enable them to incorporate such details on dividend warrants. These investors are advised to opt for Electronic Clearing System (ECS) at the earliest to avail fast and safe remittance of dividend and return the Mandate Form attached herewith, accurately filled in and signed. A photocopy of a leaf of your cheque book bearing your bank account number may also be sent along with the Mandate Form to the Share Transfer Agent.

6. Members Nomination :

Members are advised to avail themselves of nomination facility as per the amended provisions of Companies Act, 1956 for which nomination form (Form2B) are available with the RTA.

7. Corporate Members :

Corporate Members are requested to send a duly certified copy of the Board Resolution /Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting (AGM).

8. Important Communication to Members :

The Ministry of Corporate Affairs, Government of India has taken a “Green initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by submitting the E-Mail Registration Form attached with this Annual Report.

9. Communication :

All communications relating to the shares are addressed to our Share Transfer Agent (RTA) office i.e., M/s XL Softech Systems Ltd., No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034 (A.P) Telephone No.040-23545913/914/15 ; Fax No.040-23553214. E-mail: xlfiled@gmail.com

The website of your Company is www.nagarjunaagrichem.com where you can find more information about the Company. All investor related communication may be addressed to said RTA office.

10. Listing Fees :

The Company has paid the Listing Fees for the year 2012-2013 to the Stock Exchange, Mumbai where the shares of the Company are listed.

11. Members are requested to :

- i. send their queries, if any, to reach the Company's Registered Office at Hyderabad at least 15 days before the date of the meeting so that information can be made available at the meeting;
- ii. bring their copy of the Annual Report and attendance slip with them at the meeting;
- iii. to bring their DPID and Client ID numbers for easy identification of attendance at the venue of AGM, who hold shares in dematerialised form;
- iv. send their e-mail address to the Company / RTA for prompt communication.
- v. to quote their Regd.Folio Number /DP and Client ID Numbers in all their correspondence with the Company /RTA.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 7 & 8 :

The present Authorised Share Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crores only) Equity Shares of ₹ 10/- each and Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 14,89,81,570/- consisting of 1,48,98,157 Equity Shares of ₹ 10/- each, fully paid up. Presently the Equity Shares of your Company are listed and actively traded on the Bombay Stock Exchange Limited (BSE).

In order to facilitate the Shareholders to avail the inherent advantages of sub-division of the face value of the Equity Shares such as to improve the liquidity of the Equity Shares with higher floating stock in absolute numbers, to make the Equity Shares more affordable to the small investors etc., the Board of Directors of the Company ('the Board') at its meeting held on 19th May, 2012 considered it desirable to sub-divide the nominal value of the Equity portion of the Authorized Share Capital of the Company and recommended sub-division of the face value of Equity Shares of the Company from ₹ 10/- into the face value of ₹ 1/- each. Accordingly, the existing Equity Shares of ₹ 10/- each will stand cancelled on the record date and the new shares will be issued in lieu of the cancelled shares. Such record date, on which this sub-division would become effective, will be decided by the Board after obtaining the Shareholders' approval, which will be notified through the Stock Exchange.

Shareholders attention is also invited to the fact that in view of the foregoing, the sub-division of Equity Shares shall require amendment to the respective Capital clauses of the Memorandum of Association and the Articles of Association of the Company. Alteration of Capital Clause of the Memorandum requires a Ordinary Resolution pursuant to

Section 94 of the Companies Act, 1956 read with Article 59 of the Articles of Association of the Company and alteration of Articles of Association of the Company requires the approval of members by way of Special Resolution pursuant to Section 31 of the Companies Act, 1956.

The Board of Directors of your Company recommends passing of the aforementioned resolutions at Items No.7 & 8.

None of the Directors is concerned or interested in the proposed resolutions except to the extent of their Shareholding.

Item No.9 :

It may be recalled that Mr.V.Vijay Shankar was appointed as Managing Director of the Company effective from 11th May, 2011 as per the resolutions passed by the Board of Directors and Shareholders in the meetings held on 11th May, 2011 and 12th August, 2011 respectively. The remuneration approved by the Board was for an amount higher than the limits specified in Schedule XIII of the Companies Act, 1956. It can also be seen from the details of the remuneration approved at the Annual General Meeting (AGM) held on 12th August, 2011 was more than that specified by Schedule XIII of the Companies Act, 1956.

In line with the Board resolution, the AGM resolution in the Notice, should have read as "...exceeding the relevant ceiling limits specified under section II of Part II of the Schedule XIII of the Companies Act, 1956...". However, erroneously, the resolution was drafted as "..... not exceeding the relevant ceiling limits specified under Section II of Part II of the Schedule XIII of the Companies Act, 1956...." The Shareholders, however, unanimously approved the Resolution (carrying typographical error) for the payment of remuneration to Mr. V. Vijay Shankar.

Keeping in view of the inadequacy of profits, the Company, however, applied to the Central Government for approval of the remuneration, as it was higher than the limits specified in the Schedule XIII.

Subsequent to the above, the Central Government through the Ministry of Company Affairs issued a notification dated 14th July, 2011 which states that.

"that no approval of Central Government is required if the managerial person is not having any interest in the capital of the company or its holding company, directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the Directors or promoters of the company or its holding company at any time during last two years before or on the date of appointment and is having a graduate level qualification with expert and specialized knowledge in the field of his profession...";

Mr.V. Vijay Shankar falls under the category specified in the above notification.

In view of the above, remuneration originally proposed by the Board does not need Central Government approval after 15th July 2011.

To rectify the resolution passed in the AGM held on 12th August 2011, the Board is now recommending to the Shareholders to ratify the appointment and payment of remuneration to Mr.V.Vijay Shankar with retrospective effect from 11th May, 2011, as under :

- i) not exceeding the ceiling limits of Schedule XIII for the period from 11th May, 2011 to 14th July, 2011 of ₹ 4 lacs per month and
ii) The remuneration as specified in the resolution, for the remaining period effective from 15th July, 2011.

Mr.V.Vijay Shankar is a Chartered Accountant and 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.

Brief details about him are furnished herewith:

Date of Birth	17 th November, 1956
Qualifications	Fellow member of the Institute of Chartered Accountant of India.
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, Nagarjuna and Mahindra & Mahindra Groups.
Relationship with other Directors of the Company	None
Current Shareholding in Nagarjuna Agrichem Limited	1444 Equity Shares (held together with Spouse) (Nil at the time of joining)
Directorships held in other Indian Public Limited Companies	LR Research Laboratories Pvt. Ltd. (Date of appointment : 17 th August, 2011)
Membership/Chairmanship of Committees in Indian Public Limited Companies	Nil

The disclosures, as required to be given under Part- II of Schedule XIII of the Companies Act, 1956 are given herein below for the information of Shareholders:

I. General Information :

01	Nature of Industry	Manufacturing pesticides
02	Date or expected date of commencement of commercial production	1 st July, 1994
03	In case of new Companies, expected date of commencement	Not Applicable
04	Financial Performance based on given indicators	As disclosed in this Annual Report
05	Export performance and net foreign exchange collaborations	
06	Foreign investments or collaborators, if any	

II. Information about the appointee :

01	Background details	He is a Chartered Accountant. 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.						
02	Past remuneration	<table border="1"> <thead> <tr> <th>Period</th> <th>Amount(₹.)</th> </tr> </thead> <tbody> <tr> <td>2009-10</td> <td>- ₹.48.21 lakhs</td> </tr> <tr> <td>2010-11</td> <td>- ₹.55.23 lakhs</td> </tr> </tbody> </table>	Period	Amount(₹.)	2009-10	- ₹.48.21 lakhs	2010-11	- ₹.55.23 lakhs
Period	Amount(₹.)							
2009-10	- ₹.48.21 lakhs							
2010-11	- ₹.55.23 lakhs							
03	Recognition or awards	- -						
04	Job profile and his suitability	He, being a Chartered Accountant, has worked in various senior level positions throughout his career and having substantial Corporate experience in the similar fields related agri-inputs, his suitability was determined.						
05	Remuneration proposed	As specified in the resolution.						
06	Comparative remuneration profile with respect to industry, size of the Company , profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Comparable						
07	Pecuniary relationship directly or indirectly with the Company , or relationship with the managerial personnel , if any	Not Applicable						

III. Other information:

01	Reasons of loss or inadequate profits	The Main reason for the inadequate profits during the year 2011 is the reduction in export orders coupled with severe curtailment in production at Srikakulam plant due to contract labour. Finance cost has been higher due to Capex in Srikakulam plant and other working capital needs.
02	Steps taken or proposed to be taken for improvement	The contract labour and other issues were resolved and the Srikakulam Plant got back to normal.
03	Expected increase in productivity and profits in measurable terms	The Company has projected to achieve the turnover of more than ₹.1,000 crores within next two years and achieve a sizeable profit on the said turnover.

The appointment and terms of remuneration of Mr. Vijay Shankar, as Managing Director with effect from 11th May, 2011 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 Companies Act, 1956. Mr.V.Vijay Shankar shall not, while continuing to be the Managing Director, be subject to retirement by rotation pursuant to the provisions of Section 255 of the Companies Act, 1956.

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 and to have superseding effect on the earlier resolution passed, 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, as set out in Item No.9 of the Notice.

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 No.9 for approval by the Members.

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.

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.

By Order of the Board

Date : 9th August, 2012
Place : Hyderabad

Satish Kumar Subudhi
Company Secretary & Head-Legal

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the **25th Annual Report** of the Company together with the Audited Accounts for the year ended 31st March, 2012.

Operating Results:

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

(₹ in Lakhs)

Particulars	2011-12	2010-11
Sales / Income from Operations	64307	57008
Other Income	386	527
Total Income	64693	57535
Profit Before Tax	1424	643
Less : Provision for Taxation	693	335
Profit After Tax	731	308
Add : Surplus brought forward	14372	14360
Amount available for appropriation	15103	14668
Appropriations		
Transfer to General Reserve	40	35
Dividend		
- Interim Paid	-	223
- Interim Corporate Dividend Tax	-	38
- Final (Proposed)	224	-
- Provision for Corporate Dividend Tax	36	-
Surplus Carried Forward	14803	14372
Total Appropriations	15103	14668

Dividend:

Your Directors are pleased to recommend payment of Dividend of ₹ 1.50 paise per Equity share (i.e., 15% of the paid up Capital) for the Financial Year 2011-12, for your consideration and approval at the ensuing Annual General Meeting of the Company. The total dividend outgo would be ₹ 259.72 Lakhs (including Dividend Distribution Tax).

Performance:

For the year 2011-12, your Company reported annual sales revenue of ₹ 643.07 Crores against ₹ 570.08 Crores recorded in 2010-11 registering an increase of 12.80%. This increase in sales could be achieved due to increase in production volumes and widening product range with focus on value added products. The Company recorded an Operating Profit (PBIDT) of ₹ 47.47 Crores and Profit After Tax of ₹ 7.31 Crores with respective growth of 33.98% and 137% over the previous year. The increase in interest cost is mainly due to higher current asset levels in the form of higher inventory and receivables due to the monsoon failure & other market

conditions. The cash profits for the year under review were ₹ 38.35 Crores as compared to ₹ 28.20 Crores during the previous year.

Plant Operations:

Your Company's Srikakulam's Technical Unit achieved an Annual production of 5307 MT during the year under review compared to 4335 MT of the previous year.

The plant at Srikakulam has been stable since May, 2011 after the labour issues were settled. Since then production has been steadily improving. Debottlenecking was done for few plants by investing about ₹ 4.00 Crores.

The continued focus on streamlining the production facilities, augmenting the plant efficiencies and enhance the productivity during the year have started yielding results.

The Ethakota & Shadnagar formulating units continued to be normal as well and could meet the demand of domestic customer base. Various initiatives in the areas of production volume increase, quality control and supply chain have been taken to meet the enhanced marketing demand and effective / better customer services.

However, rising input costs, erratic & irregular power supply from Electricity Boards, Rupee depreciation, manpower attrition etc. are the causes of concern.

Fire incident in Srikakulam plant:

As the Shareholders are aware, a fire was broke out in the block -5 of the Company's plant at Srikakulam on 30th June, 2012. Although, there were no casualties, 19 people who sustained minor injuries, were treated in nearby hospitals and discharged within 5 days. The safety mechanisms and systems in place had helped to keep the injuries to a minimum. The unfortunate incident drew extensive media coverage resulting panic reaction by the nearby villagers. The concerned Government Authorities such as Inspectorate of Factories, Pollution Control Board and RDO, have issued necessary orders. The main reason for the fire is being investigated by Factories Department. Your Company has initiated various measures towards meeting the additional requirements /compliances of the said Government authorities and improving upon various safety measures. Your management is confident of the addressing the concerns of all stakeholders viz: local villagers, public, employees / laborers, Government Authorities etc. and hopeful to restart the operations at the earliest.

Domestic & Export Markets:

The Indian Agrichemical market continues to be under pressure due to significant drop in rabi acreages in certain parts of the country coupled with excess availability of product. The local pesticide industry in general is stuck in a spiraling loop of falling price realizations, inability to pass on increased input cost, tough competition, credit problems and stock returns. The delayed monsoon in the previous year has also joined impacting the crops particularly in South India. This resulted in your Company's domestic sale reducing from ₹ 331.10 Crores to ₹ 316.57 Crores in the year under review.

Towards focusing on farmers reach & touch, Marketing & Product Development department has been strengthened. Your Company has also initiated discussions with different leading International Manufacturers to introduce new products into India.

Exports have shown significant improvement compared to the previous year, mainly due to stabilization of the Srikakulam plant. The Sales has increased from ₹158.59 Crores to ₹208.04 Crores in the year under review.

Contract (toll) manufacturing continues to be an important aspect of the Srikakulam production. The output is being increased in a few products due to increased demand, by debottlenecking. Relationship continues to be good with the Contract Manufacturing Customers. Work has commenced on selecting new products to offer to various existing and new customers.

Windmills:

Your Company has 3 windmills having a total capacity of 6.3 MW, located near Tirunelveli in Tamil Nadu. The operations of these are managed by M/s Suzlon Limited. The performance of the Windmills for the year was satisfactory. During the year under review, receivables from TNEB, who purchase the entire power generated as per the terms of the PPA, have been delaying their payments. The Industry has taken up the matter with TNEB.

Sub-division of Shares:

In order to facilitate the Shareholders to avail various inherent advantages of sub-division of face value of Equity Share of the Company viz: to improve liquidity of the Company's shares, to bring the share price down to a popular trading range, to attract new investors etc., the Board of Directors at its meeting held on 19th May, 2012 approved the proposal to sub-divide the nominal face value of the Equity Shares of the Company from ₹ 10/- per Equity Share to ₹ 1/- per equity share. The proposal is subject to approval of the Members and the requisite resolutions for such approval have been set out in the Notice convening this 25th Annual General Meeting.

Strategic Investment:

As part of growth strategy, your Company has inclined to expand its business activities and identified Fine Chemicals as an area of opportunity and accordingly identified USP Organics Private Limited (USP) as a Company worthwhile being associated with and made investment in order to expand its products. Your Company has invested a 26% stake in USP. USP has new and good production facilities located near Hyderabad. They have a an operating capacity of 225 MT per month. Your Company has started procuring certain chemicals used for manufacture from them.

Subsidiary Companies and consolidation of Financial Statements:

In Accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other Financial Statements /documents of the related Subsidiary Companies i.e., Nagarjuna Agrichem (Australia) Pty Ltd and LR Research and Laboratories Pvt.Ltd (which are yet to commence it operations / activities) are not being attached with the Balance Sheet of the Company. The Audited annual accounts and

related information of subsidiaries as applicable will be made available upon request.

Since the subsidiaries are yet to commence their business activities, as per clause 32 of the Listing Agreement with Stock Exchanges, applicable provisions of the Companies Act, 1956 and Accounting Standard (AS) 21, 17 and other applicable Accounting Standards, Consolidated Financial Statements and the Segment Reporting for the year ended on 31st March, 2012 are not provided in this Annual Report.

Environment Protection:

Emphasis on environment and preference of operations in healthy conditions remains a focus area for your Company. Towards driving various initiatives, new ETP was commissioned at Ethakota Unit and a new Scrubber System was commissioned at Shadnagar during the year. The operations of new Zero Liquid Discharge (ZLD) facility at Srikakulam Unit are in the process of being stabilized. Steps and efforts are in place in the direction of demonstrating improved environmental performance constantly.

Your Company continues to enjoy the certifications ISO 9001:2008, ISO 14001 and OHSAS 18001 accredited for its proven standards covering in the areas of Quality, Environment, Safety and Health Management Systems respectively.

Corporate Social Responsibility:

As a responsible Corporate Citizen, the Company is carrying out various social activities in diverse fields. Such activities include but not limited to ongoing drinking water supplies to villages, contribution to Vidya Volunteer scheme and for construction of temple, providing land and other amenities for School playground, Mythri Police, Streetlight & borewell maintenance, development of school facilities, Community Centers & bus shelters in surrounding villages of the factories, providing medical services & vocational courses etc.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mrs.K.Lakshmi Raju, Mr.K.Raghuraman and Mr.D.Rangaraju, Directors of the Company will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr.N.Vijayraghavan has resigned from the position of Whole-Time Director with effect from 29th October, 2011, However, he is continuing as a Director of the Company.

Mr.Sukhendu Ray and Mr.P.K.Mallik, Directors have resigned with effect from 29th October, 2011 and 27th January, 2012 respectively.

Mr.R.S.Nanda has resigned from the position of Director with effect from 18th April, 2012.

The Board wishes to place on record the significant contribution that Mr. Ray and Mr. Mallik have provided to your Company during their association, with your Company for over 2 decades. The Board also wishes to place on record the contributions made by Mr. Nanda during his association with your Company.

Auditors:

M/s. M. Bhaskar Rao & Company, Chartered Accountants, Hyderabad, the Company's Statutory 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:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that :

- i. In the preparation of the annual accounts the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- ii. 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, 2012 and of the profit of the Company for the year ended on that date.
- iii. 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
- vi. The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Transfer of Un-claimed Dividend:

Pursuant to Section 205C (2) of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001 as amended from time to time, the un-claimed dividend aggregating to ₹ 10,21,665/- (Rupees Ten Lakhs Twenty One Thousands Six Hundred Sixty Five only) for the final dividend of the year 2003-04 and interim dividend declared during year 2004-05 were transferred to the Investors Education and Protection Fund. The un-claimed final dividend for the year 2004-05 is due for transfer to the said fund account.

Fixed Deposit:

Your Company has not accepted any Fixed Deposits from the public during the year.

Industrial Relations:

The Industrial Relations at the Factories and Head Office continued to be cordial.

Personnel:

Your Directors would like to place on record their deep sense of appreciation of the devoted services of the Executives, Staff

and Workers of your Company. In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, the names and particulars of the employees are set out in the Annexure-II to the Directors report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Disclosures required under the provisions of Section 217 (1) (e) of the Companies Act, 1956 relating to conservation of energy, technology absorption and foreign exchange outgo and earning, and 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.

Management Discussion and Analysis Report:

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

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.

Acknowledgement:

Your Directors thank the Company's Bankers and the Financial Institutions for their help and co-operation extended throughout the year. Your Directors place on record their appreciation for the support and co-operation that the Company received from its stakeholders, customers, agents, suppliers, employees, Associates and Community in the vicinity of the plants. Your Directors also record their appreciation for the excellent operational performance of the staff of the Company that contributed to the achievements of the Company. The Directors also acknowledge with much gratitude, the continued trust and confidence reposed by the Dealers / Customers of the Company.

Your Directors look forward to the future with confidence.

On behalf of the Board

Place : Hyderabad
Date : 9th August, 2012

Dr. Nitish K Sengupta
Chairman

FORM -A
FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY

POWER AND FUEL CONSUMPTION	UNIT	2011-12	2010-11
1 ELECTRICITY:			
(A) PURCHASES			
Unit	KWH	23934566	22659794
Total Amount (Net of Subsidy)	₹ in Lakhs	1024.33	935.37
Rate / Unit	₹	4.28	4.13
(B) OWN GENERATION			
Through Diesel Generator Unit	KWH	3355030	1640939
Unit per Liter of Diesel Oil	₹	2.81	2.89
Cost / Unit	₹ in Lakhs	17.43	13.55
2. COAL (SPECIFY QUALITY & WHERE USED)	C Rom - Used for Boiler		
Quantity	MT	33170	28498
Total Cost	₹ in Lakhs	1134.66	880.93
Average Rate / Mt	₹	3420.74	3091.19
3. FURNACE OIL			
Quantity	KL	126.00	167.00
Total Cost	₹ in Lakhs	44.70	47.44
Average Rate / Mt	₹	35479	28406
4. OTHERS / INTERNAL GENERATION			
Diesel/Furnace Oil			
Quantity	KL	206.81	234.61
Total Cost	₹ in Lakhs	70.70	66.62
Rate / Unit (KL)	₹	34187	28395.76
5. CONSUMPTION PER TONNE OF PRODUCTION			
Electricity	KWH	4411.63	5098.79
Furnace Oil	KL	0.02	0.04
Coal-Quality C Rom	MT	6.27	6.57
Other (Specify)-Diesel/Farm Waste	MT	0.04	0.05

FORM - B

Form for Disclosure of Particulars with respect to Technology Absorption and Foreign Exchange Earnings and Outgo

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 environment 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 | : | ₹ 12,06,667/- |
| b) Recurring | : | ₹ 65,83,522/- |
| c) Total Expenditure as a percentage of Total Turnover | : | 0.12% |

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 e.g. 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 future growth strategy. As a result of new product introduction and Research & Development investments, Exports have shown a satisfactory growth. |
| ii. Foreign Exchange Outgo and Earnings | | ₹ in Lakhs |
| Foreign Exchange Outgo | | |
| Raw Materials | : | 13,640.05 |
| Capital Goods | : | 199.04 |
| Traded Goods | : | — |
| Others | : | 82.24 |
| Total | : | 13,921.33 |
| Foreign Exchange Earnings (FOB Value) | : | 19,686.07 |

Statement of Particulars of Employees Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956

Name of the Employee	:	Mr.V.Vijay Shankar
Designation	:	Managing Director
Age (years)	:	55 years
Qualification	:	Chartered Accountant
Experience (years)	:	30 years
Remuneration	:	₹ 73,84,667/-
Date of Commencement of employment	:	11 th May, 2011
Details of last employment	:	Zuari Industries Limited

On behalf of the Board

Place : Hyderabad
Date : 9th August, 2012

Dr. Nitish K Sengupta
Chairman

Management Discussion and Analysis Report:

This discussion is on the Agrochemical Business as it constitutes the main portion of revenues.

Industry Overview:

The Agrochemicals Industry plays a significant role in the Agriculture sector in India, which accounts for about one fifth of its GDP. The domestic market size of the Indian Agrochemical Industry is around ₹ 12000 Crores and is expected to grow at 10 % per annum. India's growth rate compares with the highest in the world. With emphasis in agriculture by the Government of India the growth is expected to continue. India is currently the fourth largest producer of Agrochemicals globally, after United States, Japan and China.

The current domestic consumption is also expected to grow driven by rising population, decreasing per capita availability of arable land and focus on increasing agricultural yield. The demand will also be driven by the rising food grain demand and increasing awareness about pesticide usage among the farmer community. The pesticide consumption is around 480 gm per hectare which is very low compared to countries like Japan, USA etc.

The Indian market is served by many Companies. Being a generic market, ability to introduce me-too products is easy. Many small players have seized this and have a influencing presence in the market space. This has resulted in stiff competition and quality being compromised. Despite this, the attractiveness of the Indian market has made MNCs to set up shops in India over the past few years, through commencing business / acquisitions viz Maktisham Agan, Sumitomo and Arysta. Existing MNCs are implementing plans to grow.

It is also to be noted that the Government is becoming active in reviewing products that have high toxicity levels. This has resulted in products being banned.

Contract Manufacturing and Exports in India is around USD 1.8 Billions. Phillips MacDonald (a leading global publication in the pesticide industry) has indicated that the contract manufacturing is expected to grow, as MNCs are focusing on growth in the generic markets as new product developments is becoming more expensive.

Opportunities:

The growing requirement of agricultural products in India is a major opportunity. Having a good pan India presence through the large network of dealers and channel partners, your Company is in a position to seize the opportunities for growing in India. The growing presence of more MNC should bring in more discipline in the mid to long run in the markets which augurs well for the Industry.

India is also a fast becoming a destination for contract manufacturing of generic pesticides by many Multinationals.

This is due to the cost advantages and the technical skills available in the country. Your Company is one of the leading players in this field.

As per a study by Task Force, Government of India, the Export and Contract Manufacturing market opportunity by 2020 is USD 7.3 billion. India has the opportunity to leverage on its strength to become a major player in this space.

Many of the AI's (Active Ingredient) used in India are being imported from China. China is going through a phase of tightening its manufacturing facilities through introducing tougher pollution conditions. The Chinese currency Yuan is also appreciating thereby making imports into India costlier. This gives an opportunity for India to produce AIs and to be competitive in the global markets.

Keeping the above in view, your Company is gearing up to meet these opportunities through strategies which will leverage its strength in the pan India dealer network and by introducing new formulations in collaborations with MNCs. It is also implementing various initiatives for improving its productivity and capacity utilisation in its plants to seize the Contract Manufacturing opportunities.

Threats, Risks and Concerns:

Timely arrival of the Monsoon, its quantity and spread continues to be a major concern for the entire Agri Sector in India. The high inflation and shortage of power to run the manufacturing facilities is also high in the list of concerns for the Industry. The stiff price competition in India makes it difficult for passing on the cost increases.

In contract manufacturing the changing consumption patterns of pesticides in the global markets have an impact on reduction in the volumes. The higher cost of production due to power costs and inflation related costs are not easily passed through to the customers.

Outlook:

The pesticide business, despite the above concerns is an attractive business. There are many short term challenges for growth. Your Company is implementing various plans to leverage on its domestic network strength and as well as improving the efficiencies and productivity of the manufacturing facilities.

Internal Control Systems:

The Company has proper and adequate systems of internal controls, which ensure that all the assets are safeguarded and that all the 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. There is a Internal Audit System which focuses on all the main systems and processes.

Financial performance: (with respect to operational performance)

The Sale has shown a growth of 13% over the previous year mainly due to Exports. The EBIDT was ₹ 74.43 Crores and has improved from last year of ₹ 55.44 Crores due to improved sales. Interest was higher than previous year due to increase in working capital. The Long Term Debt Equity Ratio is 0.29 compared to 0.46 of the last year.

The Company's improved financial and operations performance during 2011-12 and the positive outlook about the Company's continued growth in the years to come enabled the Board to recommend a dividend of 15% to the Shareholders.

Industrial Relations and Human Resource Development:

The number of employees in the Company as on 31st March, 2012 was 1123. The Company enjoys cordial and harmonious industrial relations. Training programs and various initiatives are being taken to create an environment to enhance individual and team performance.

Cautionary Statement:

The statements in the Report of the Board of Directors and the Management 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

For Nagarjuna Agrichem Limited

Dr. Nitish K Sengupta
Chairman

Place : Hyderabad

Date : 9th August, 2012

REPORT ON CORPORATE GOVERNANCE

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 31st March, 2012.

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 Nine (9).

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:

- 1) Composition of Board: The Company's Board of Directors presently comprises Nine (9) Directors, of which one Director is a Executive Director (Managing Director) and balance eight are Non-Executive Directors of whom three are Independent Directors.
- 2) Number of Board Meetings held during the year and the dates of the Board Meetings:

During the year 2011-12, the Board met Five times on 11th May, 2011; 12th August, 2011; 29th October, 2011; 27th January, 2012 and 7th February, 2012.
- 3) The maximum time gap between any of two of the Board Meetings was not more than 4 months.

4) Attendance of each Director at Board meetings and the last Annual General Meeting:

Sl. No.	Name of the Director	Category of Directorship	Number of Board Meetings held during the his directorship	Number of Board meetings attended	Attendance at the last AGM held on 12 th August, 2011
1.	Dr.Nitish K Sengupta	Independent & Non-Executive	5	4	Yes
2.	Mr.K.S.Raju	Non-Executive	5	5	Yes
3.	Mr.D.Ranga Raju	Independent & Non-Executive	5	4	Yes
4.	Mr.K.Rahul Raju @	Non-Executive	5	-	No
5.	Mrs.K.Lakshmi Raju	Non-Executive	5	2	Yes
6.	Mr.Sudhakar Kudva	Non-Executive	5	5	Yes
7.	Mr.N.Vijayaraghavan	Non-Executive	5	5	No
8.	Mr.K.Raghuraman	Independent & Non-Executive	5	4	Yes
9.	Mr.V.Vijay Shankar #	Executive Director	5	5	Yes
10.	Mr.Sukhendu Ray ®	Non-Executive	3	3	Yes
11.	Mr.P.K.Mallik ®®	Non-Executive	4	4	Yes
12.	Mr.R.S.Nanda ®®®	Non-Executive	5	4	Yes

@ Leave of absence obtained from the Director

Appointed as Managing Director w.e.f.11th May, 2011.

® Resigned with effect from 29th October, 2011.

®® Resigned with effect from 27th January, 2012.

®®® Resigned with effect from 18th April, 2012.

5) Number of other Board / Board Committees each Director (being a Director of the Company as at the end of the Financial Year) is a Director / Chairman or Member:

Sl. No.	Name of the Director	Number of outside Directorships of Public Companies		Number of Committees* memberships held in other Public Companies	
		Chairman	Director	Chairman	Member
1.	Dr.Nitish K. Sengupta	3	3	-	-
2.	Mr.K.S.Raju	7	8	4	5
3.	Mr.D. Ranga Raju	3	2	-	3
4.	Mr. K.Rahul Raju	-	15	-	-
5.	Mrs.K.Lakshmi Raju	-	-	-	-
6.	Mr.Sudhakar Kudva	-	1	1	3
7.	Mr. N.Vijayaraghavan	-	1	-	-
8.	Mr. K.Raghuraman	-	10	2	8*
9.	Mr.V.Vijay Shankar	-	1	-	-
10.	Mr.Sukhendu Ray ®	NA	NA	NA	NA
11.	Mr.P.K.Mallik ®®	NA	NA	NA	NA
12.	Mr.R.S.Nanda ®®®	NA	NA	NA	NA

® Resigned with effect from 29th October, 2011.

®® Resigned with effect from 27th January, 2012.

®®® Resigned with effect from 18th April, 2012.

* Chairmanship/membership of Board Committees include only Audit Committee and the Share Holder's Grievance Committee.

None of the Directors on the Board is Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all Companies in which he is a Director. Necessary disclosures regarding Committee position in other Public Companies have been made by the Directors.

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 interested / 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 has 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, dematerialisation / re-materialisation of shares, 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.Sudhakar Kudva

The quorum of the Committee is 2 members.

The Committee met 15 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, 2012 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 the Stock Exchange, SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years. There are 33 requests for transfer of shares and 38 requests for dematerialization received during the year. The Company during 1st April, 2011 to 31st March, 2012 received 33 complaints from the investors and the same were resolved and there were no investor's complaints pending / unresolved on that date.

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-15)
Mr.K.S.Raju	Chairman	15
Mr.D.Ranga Raju	Member	15
Mr.R.S.Nanda *	Member	15
Mr.Sudhakar Kudva **	Member	NA

* Ceased to be member with effect from 18th April, 2012.

** Appointed as member with effect from 19th May, 2012.

2. Audit Committee:

The Audit Committee constituted by the Board consists of Dr. Nitish K Sengupta, Chairman, Mr.D.Ranga Raju, Director and Mr. K. Raghuraman, Director. The Committee is chaired by Dr. Nitish K Sengupta.

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.

- iv. Reviewing with the Management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - a) Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of 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.
- v. Reviewing with the Management, the quarterly Financial Statements before submission to the Board for approval.
- vi. Reviewing with the Management, Performance of Statutory and Internal Auditors, and adequacy of the Internal Control Systems.
- vii. 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.
- viii. Discussion with Internal Auditors any significant findings and follow up thereon.
- ix. 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.
- x. 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.
- xi. 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.
- xii. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- xiii. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xiv. To review the Company's Financial and Risk Management Policies.
- xv. The Statutory Auditors, the Internal Auditors were present as invitees for the meetings of the Audit Committee.
- xvi. The Audit Committee of Directors had met Four (4) times during the period under review and the meetings were held on 11th May, 2011, 12th August, 2011, 29th October, 2011 and 27th January, 2012. 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 Sengupta	Chairman	4
Mr.D.Ranga Raju	Member	4
Mr.Sukhendu Ray *	Member	3
Mr.P.K. Mallik **	Member	4
Mr.K.Raghuraman #	Member	NA
Mr.Sudhakar Kudva ##	Member	NA

* ceased from the membership w.e.f. 29th October, 2011.

** ceased from the membership w.e.f. 27th January, 2012.

appointed as member w.e.f 7th February, 2012.

appointed as member w.e.f 7th February, 2012.

3. Banking Committee:

The Banking Committee constituted by the Board consists of Mr.K.S.Raju, Director, Mr.D.Ranga Raju, Director, Mr.N.Vijayaraghavan, Director and Mr.V.Vijay Shankar, Managing 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:

- 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.
- 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 the Board from time to time.
- To authorise persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.
- To authorize closure of Accounts of the Company, with various Banks, as may be occasioned from time to time.

During the year the Committee met Six (6) 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 6)
Mr. K.S. Raju	Chairman	6
Mr. D.Ranga Raju	Member	6
Mr. N.Vijayaraghavan	Member	6
Mr. V.Vijay Shankar	Member	6

4. Remuneration Committee:

The Company had constituted a Remuneration Committee with three independent Non-Executive Directors. The Remuneration Committee comprised of Dr.Nitish K Sengupta, Chairman, Mr.D.Ranga Raju, Director and Mr.K.Raghuraman, Director. 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 11th May, 2011. 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 Sengupta	Chairman	1
Mr. Sukhendu Ray *	Member	1
Mr. P.K. Mallik **	Member	1
Mr. D.Ranga Raju #	Member	NA
Mr. K.Raghuraman ##	Member	NA

* Ceased from the membership w.e.f. 29th October, 2011.

** Ceased from the membership w.e.f. 27th January, 2012.

Inducted as member w.e.f. 27th January, 2012.

Inducted as member w.e.f. 7th February, 2012.

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, 2011 to March 31st, March, 2012 are given below:

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors
Dr.Nitish K Sengupta	₹. 90,000
Mr.Sukhendu Ray	₹. 70,000
Mr.P.K.Mallik	₹. 90,000
Mr.K.S.Raju	₹. 40,000
Mr.D.Ranga Raju	₹. 80,000
Mr.K.Rahul Raju	-
Mrs.K.Lakshmi Raju	₹. 20,000
Mr.R.S.Nanda	₹. 40,000
Mr.Sudhakar Kudva	₹. 50,000
Mr.K.Raghuraman	₹. 40,000
Mr.N.Vijayaraghavan	₹. 20,000
Total	₹. 5,40,000

The details of remuneration paid for the financial year ended 31st March, 2012 to Mr.V.Vijay Shankar, Managing Director is as under:

Component	Amount in ₹
Salary	28,33,333
Perquisites and Other Benefits	42,11,334
Contribution to Provident Fund	3,40,000
Total *	73,84,667

* Excluding the Performance pay, paid during the Current Financial Year 2012-13.

The details of remuneration paid/payable for the Financial Year ended 31st March, 2012 to Mr.N.Vijayaraghavan**, Whole-time Director:

Component	Amount in ₹
Salary	7,26,388
Perquisites and Other Benefits	30,06,250
Contribution to Provident Fund	87,167
Total	38,19,805

** Resigned as Whole-time Director w.e.f 29th October, 2011.

G. DETAILS OF GENERAL BODY MEETINGS:

a) The last Three Annual General Meetings were held as under:

Financial Year	Date	Time	Place
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.
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.
2010-2011	12-08-2011	10.00 A.M	KLN Prasad Auditorium of Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad-04.

b) All the resolutions were passed only by show of hands at the Annual General Meetings held on 30.07.2009; 30.07.2010 and 12.08.2011.

- c) No special resolutions were passed by the Company's Shareholders through postal ballot during the year ended 31st March, 2012. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

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 37-B 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, the amount of Dividend remaining Unpaid / Un-claimed for a period of seven years are required to be transferred by the Company to Investors Education and Protection Fund established by the Central Government. Members are requested to correspond with the Registrar and Share Transfer Agent M/s XL Softech Systems Ltd., Hyderabad, for encashing the Unclaimed Dividend if any, standing to their credit. No Claim shall be against the said fund or against the Company for the amount of Dividend so transferred nor shall any payment be made in respect of such claims after the period of said seven years.

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 Standard, Financial Express in English and Andhra Prabha in Telugu (regional language). The results are posted on the Company's Website and are sent to the Bombay Stock Exchange wherein the same is posted in their website www.bseindia.com.

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 Management, 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, Mrs.K.Lakshmi Raju, Mr.D.Ranga Raju, and Mr.K.Raghuraman, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment. Brief Profiles of the above Directors along with particulars of their Directorships and Committee memberships are as under:

N. RE-APPOINTMENT OF DIRECTORS:

Mrs. K. Lakshmi Raju is the daughter of Mr K.S. Raju, the Chairman of the Nagarjuna Group, is a Commerce Graduate and also has a Degree in Business Administration.

Mr. D. Ranga Raju, aged about 79 years is a Graduate in Commerce and has served the Company as a Board Member since 30th April, 1993. He has over 42 years of work experience in Manufacturing and Marketing of Agri Chemicals. His contributions and continued guidance have been invaluable in enabling the Company to meet its Strategic Goals.

Names of other Indian Companies in which Mr.D.Ranga Raju is a Director:

S.No.	Name of the Companies
1.	Bhagiradha Chemicals and Industries Limited
2.	Vijayanagar Bio-Tech Limited
3.	Nagarjuna Oil Refinery Limited
4.	Vijayanagar Process Food & Milk Products Private Limited.
5.	Vijayanagar Investments & Infra Development Private Limited

Mr K Raghuraman is a former Executive Director of Punjab National Bank. He is a Commerce Graduate & a qualified Chartered Accountant and also Senior Associate Member. He has over 36 years of Banking experience. He has participated in various international conferences/ seminars abroad in the area of Banking. He is also a Director on the Board of Andhra Bank and M/s.Oriental Carbon and Chemicals Ltd. He has served for many years in various capacities at different positions inclusive of Information Technology-Risk Management Initiative for BASEL-II, Treasury and Forex Operations and General Administration. He joined as Director of Nagarjuna Agrichem Limited effective from 30th July, 2009.

Names of other Indian Companies in which Mr.K.Raghuraman is a Director:

S.No.	Names of the Company
1.	IFCI Limited
2.	Andhra Bank
3.	Oriental Corban & Chemicals Limited
4.	Birla Ericsson Optical Limited
5.	Suvidha Park Lift Limited
6.	Ladderup Finance Limited
7.	Canbank Factors Limited
8.	Exhibition India Private Limited
9.	Lanco Budhil Hydro Power Private Limited
10.	Ladderup Corporate Advisory Private Limited

O. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:

Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal and Compliance Officer of the Company.

P. GENERAL INFORMATION:

01.	Date, Time and Venue of Annual General Meeting.	:	Wednesday, the 26 th day of September, 2012 at 10.00 am at The Federation of Andhra Pradesh Chamber of Commerce and Industry (FAPCCI), K.L.N.Prasad Auditorium, 3 rd Floor, House No.11/6/841,Red Hills, Hyderabad-50004. Ph: 040-23395515 Fax : 040-23395525.
02.	Financial Calendar (Tentative) (a) Annual General Meeting (b) Results for the quarter ending June 30, 2012 (c) Results for the quarter ending September, 2012 (d) Results for the quarter ending December, 2012 (e) Results for the quarter ending March, 2013	: : : : :	26 th September, 2012. 9 th August, 2012. Last week of October, 2012. Last week of January, 2013. Last week of May, 2013.
03.	Date of Book closure (both days inclusive)	:	20 th September, 2012 to 26 th September, 2012.

04.	Listing on Stock Exchange	:	The Bombay Stock Exchange (BSE), P.J.Towers, Dalal Street, Mumbai-400001.
05.	Stock Code	:	BSE: Equity - 524709
06.	Registered Office	:	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, Panjagutta, Hyderabad-500 082. Andhra Pradesh INDIA. Telephone No. : 33605123/124/125/126/127 Fax No. : 040-23350234 www.nagarjunaagrchem.com Email : investors@nagarjunaagrchem.com; sksbudhi@nagarjunaagrchem.com
07.	Communication regarding Share Transfers and other related correspondence Share Transfer System	:	XL Softech Systems Ltd., Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad - 500034 Andhra Pradesh, India. Tel. (040) 23545913/14/15 Fax (040) 23553214 Email: xlfiled@gmail.com
08.	Share Transfer System		Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants. Shares lodged for physical transfer at the Registrar's address normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned Shareholders within a week from the date of approval of transfers by the Share Committee.
09.	Dividend Patterns: The Dividend pattern of the Company is as under:		
	Year	Interim / Final	Dividend Rate (%)
	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	10

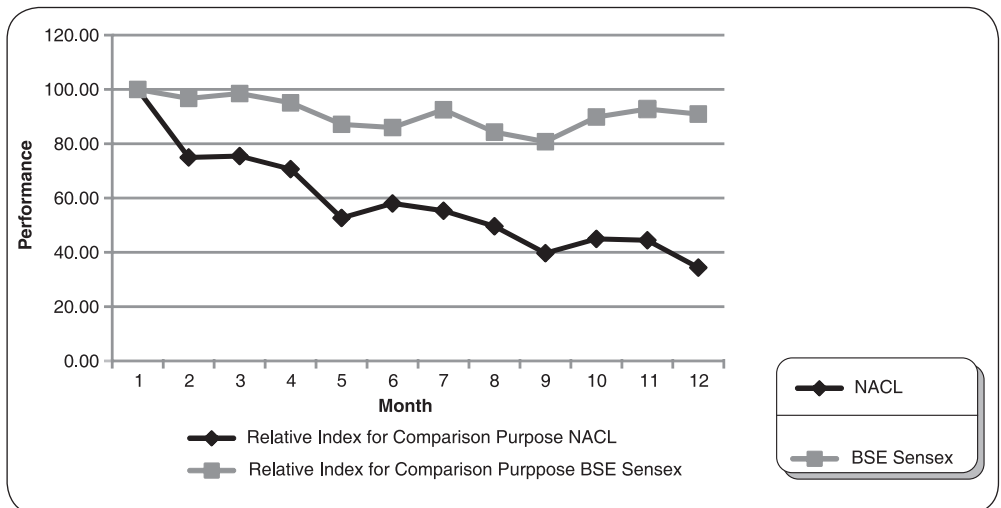
10. Market Price Data – High-Low Quotations on The Stock Exchange, Mumbai during the year 1st April, 2011 to 31st March, 2012 is as follows:

Month	Bombay Stock Exchange (₹)	
	High	Low
April, 2011	166.90	144.05
May, 2011	164.50	107.10
June, 2011	126.75	109.10
July, 2011	125.80	110.05
August, 2011	116.00	80.15
September, 20 11	103.75	85.00
October, 2011	95.00	80.40
November, 2011	90.50	78.00
December, 2011	83.50	60.25
January, 2012	85.50	62.50
February, 2012	76.00	65.25
March, 2012	69.65	53.10

11. Performance in Comparison to BSE Sensex:

Share Price movement for the period 1st April, 2011 to 31st March, 2012 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
Apr 11	160.00	19,135.96	100.00	100.00
May 11	119.90	18,503.28	74.94	96.69
Jun11	120.70	18,845.87	75.44	98.48
Jul 11	113.05	18,197.20	70.66	95.09
Aug 11	84.25	16,676.75	52.66	87.15
Sep 11	92.80	16,453.76	58.00	85.98
Oct 11	88.50	17,705.01	55.31	92.52
Nov 11	79.35	16,123.46	49.59	84.26
Dec 11	63.50	15,454.92	39.69	80.76
Jan'12	71.95	17,193.55	44.97	89.85
Feb 12	71.15	17,752.68	44.47	92.77
Mar 12	55.00	17,404.20	34.38	90.95



12. Share Transfer Agent:

During the year under review the Company has changed the Registrar and Share (RTA) Transfer Agent from M/s. Bigshare Services Pvt. Ltd., Mumbai to M/s XL Softech Systems Ltd., (w.e.f. 5th August, 2011) which is registered with SEBI and is located at Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034 (A.P).

13. Distribution of Shareholding as on 31st March, 2012 :

Shareholding range	Shareholders		Share Amount	
	Number	Percentage	In ₹	Percentage
001 - 5000	9699	92.95	11880410	7.97
5001 - 10000	404	3.87	3360880	2.26
10001 - 20000	171	1.64	2562370	1.72
20001 - 30000	47	0.45	1157750	0.78
30001 - 40000	25	0.24	892120	0.60
40001 - 50000	24	0.23	1118230	0.75
50001 - 100000	30	0.29	2146110	1.44
100001 & above	35	0.34	125863700	84.48
Total	10435	100.00	148981570	100.00

14. Shareholding Pattern as on 31st March, 2012:

SI. No.	Category	No. of shares held	Percentage of Shareholding
A	Promoter's Holding	11664186	78.29
B	Non-Promoters Holding		
I	Institutional Investors		
	(a) Mutual Funds and UTI	96067	00.65
	(b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-Govt. Institutions)-	-	-
II	Others (Foreign Institutional Investors)	-	-
	(a) Private Corporate Bodies	639319	04.29
	(b) Indian Public	2398429	16.10
	(c) NRIs/OCBs	96632	00.65
	(d) Others (Clearing Members)	3524	0.02
	GRAND TOTAL	1,48,98,157	100.00

15. Shares Held By Non Executive Directors as on 31st March, 2012:

The shares held by Non Executive Directors of the Company are

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

16. 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 is done through M/s. XL Softech Systems 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, 2012:

Mode	No. of shares	Shareholding %
Demat	14227471	95.50
Physical	670686	04.50
Total	14898157	100.00

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 dematerialization for both NSDL and CDSL is INE 295 D01012.

17. Corporate Identity Number:

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

18. Managing Director and Chief Financial Officer (CFO) Certification:

The Managing Director and also 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.

19. The Company has not issued any GDRs / ADRs and there are No Warrants or any Convertible Instruments.:

20. Location of Plants:

1. Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District – 532 403, A.P.
2. Nandigaon Village, Kothur Mandal, Mahaboobnagar District, A.P.
3. Ravulapalem P.O, Ethakota, East Godavari District – 533 238, A.P.
4. Wind Mill Unit; Tirunelveli, Tamilnadu State.

21. R & D Center:

Nandigaon Village, Kothur Mandal, Mahaboobnagar District, A.P.

For and on behalf of
Nagarjuna Agrichem Limited

Place : Hyderabad
Date : 19th May, 2012

Dr.Nitish K Sengupta
Chairman

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct and Ethics

The Board of Directors of the Company approved the Code of Conduct for the Directors and the Senior Management Personnel . All the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2012.

Place : Hyderabad
Date : 19th May,2012

V.Vijay Shankar
Managing Director

Certification by Managing Director and Chief Financial Officer (CFO) of the Company under Clause 49 of the Listing Agreement:

We, V.Vijay Shankar, Managing Director and R.K.S.Prasad, Chief Financial Officer, of Nagarjuna Agrichem Limited, to the best of our knowledge and belief, certify that:

- A. We have reviewed the Balance Sheet and Profit & Loss Account of the Company for the financial year ended 31st March, 2012 and all its schedules and notes on accounts as well as the Cash Flow statements and certify that :
- i) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. We also certify to the best of our knowledge and belief that, there are no transactions entered into by the Company during the quarter is fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. There have been no significant changes in the internal controls over financial reporting.
- E. There was no fraud, which we have become aware of and that involves management or other employees who have significant role in the Company's internal control systems over financial reporting.
- F. There were no changes in accounting policies during the year.

Place : Hyderabad

Date : 19th May,2012

R.K.S.Prasad
Chief Financial Officer

V.Vijay Shankar
Managing Director

AUDITORS' 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, 2012, 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
(Firm Registration No: 000459 S)

Place : Hyderabad
Date : 19th May, 2012

V.Raghunandan
Partner
Membership No. 26255

AUDITORS' REPORT

To
The Members of
Nagarjuna Agrichem Limited

1. We have audited the attached Balance Sheet of Nagarjuna Agrichem Limited as at 31st March, 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss 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; and
 - v. On the basis of written representations received from the Directors, as on 31st March, 2012 and, taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 note no.10 regarding reconciliation of Unclaimed Dividend Account, "Significant Accounting Policies" 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, 2012;
 - ii. In the case of Statement of Profit and Loss, 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.

For M. Bhaskara Rao & Co.,
Chartered Accountants
(Firm Registration No: 000459 S)

Place : Hyderabad
Date : 19th May, 2012

V. Raghunandan
Partner
Membership No. 26255

ANNEXURE TO THE AUDITORS' 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, the transaction that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any Deposits from public during the year.
- 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.
- 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, 2012 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 in Lakhs)	Forum where dispute is pending
Income Tax	Disputed tax on disallowance of R&D expenditure in Assessment Year 2009-10	73.21	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, 04 to Mar 05 & April 05 to Oct 05)	8.13	CESTAT, Bangalore.
	Irregular availment of Cenvat Credit of 4% SAD against DEPB and Target plus schemes -July 06 to March 07	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, 05 to February, 06	4.15	CESTAT, Bangalore.
	Irregular availment of Cenvat Credit on inputs (Welding Electrodes) for the period from January, 07 to November, 07	0.41	CESTAT, Bangalore.

- x. The Company has no accumulated losses as at 31st March, 2012. 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 or 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 during the year.
- 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.

For M. Bhaskara Rao & Co.,
Chartered Accountants
(Firm Registration No: 000459 S)

Place : Hyderabad
Date : 19th May, 2012

V. Raghunandan
Partner
Membership No. 26255

BALANCE SHEET AS AT 31st MARCH, 2012

(₹ in Lakhs)

Particulars	Note No.	As At 31.03.2012	As At 31.03.2011
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
Share Capital	2	1,489.82	1,489.82
Reserves and Surplus	3	19,246.94	18,775.48
		20,736.76	20,265.30
2) Non-Current Liabilities			
Long-term Borrowings	4	4,626.59	6,940.17
Deferred Tax Liabilities (Net)	5	2,878.00	2,470.34
Other Long Term Liabilities	6	1,058.91	1,111.59
Long-Term Provisions	7	68.16	28.18
		8,631.66	10,550.28
3) Current Liabilities			
Short-Term Borrowings	8	15,029.75	10,135.46
Trade Payables	9	13,715.31	8,685.81
Other Current Liabilities	10	4,659.57	5,450.34
Short-Term Provisions	11	308.39	77.74
		33,713.02	24,349.35
TOTAL		63,081.44	55,164.93
II. ASSETS			
Non-Current Assets			
1) Fixed Assets			
(i) Tangible Assets	12	19,140.38	20,740.89
(ii) Intangible Assets	13	25.26	39.81
(iii) Capital Work-in-Progress	14	1,612.04	658.28
Non-Current Investments	15	356.05	5.05
Long-Term Loans and Advances	16	1,666.77	1,174.78
		22,800.50	22,618.81
2) Current Assets			
Inventories	17	16,420.02	14,575.03
Trade Receivables	18	19,485.96	13,680.24
Cash and Cash Equivalents	19	2,507.39	2,345.93
Short-Term Loans and Advances	20	1,824.73	1,927.93
Other Current Assets	21	42.84	16.99
		40,280.94	32,546.12
TOTAL		63,081.44	55,164.93

Significant Accounting Policies and Notes on Financial Statements 1 to 43

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

For and on behalf of the Board

V.Ragunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 19th May, 2012

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in Lakhs)

Particulars	Note No.	31.03.2012	31.03.2011
I. Revenue from Operations			
Sales	22	70,808.40	63,541.18
Less: Excise Duty & VAT		6,501.90	6,532.79
		64,306.50	57,008.39
II. Other Income	23	386.07	526.97
III. Total Revenue (I + II)		64,692.57	57,535.36
IV. Expenses:			
Cost of Materials Consumed	24	41,684.40	33,172.05
Purchase of Stock in Trade		4,643.25	3,716.72
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(3,034.80)	2,628.18
Employee Benefits Expenses	26	4,494.69	4,006.65
Finance Costs	27	3,323.32	2,595.20
Depreciation and Amortization Expenses	28	2,695.74	2,305.26
Other Expenses	29	9,462.04	8,164.87
Total Expenses		63,268.64	56,588.93
V. Profit/(Loss) before Exceptional and Extraordinary Items and Tax (III-IV)		1,423.93	946.43
VI. Exceptional Items		-	303.03
VII. Profit/(Loss) before Extraordinary Items and Tax (V - VI)		1,423.93	643.40
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before Tax (VII- VIII)		1,423.93	643.40
X Tax Expense:			
(1) Current Tax		285.10	128.56
(2) Deferred Tax		407.66	206.60
(3) Prior Year's Tax		-	0.35
XI Profit /(Loss) after Tax for the period (IX + X)		731.17	307.89
XII Earnings per Equity Share:			
(1) Basic		4.91	2.07
(2) Diluted		4.91	2.07

Significant Accounting Policies and Notes on Financial Statements

1 to 43

As per our report of even date attached

For **M.BHASKARA RAO & CO.**,

Chartered Accountants

For and on behalf of the Board

V.Ragunandan

Partner

K.S.Raju

Director

V.Vijay Shankar

Managing Director

Place : Hyderabad

Date : 19th May, 2012**R.K.S. Prasad**

Chief Financial Officer

Satish Kumar Subudhi

Company Secretary & Head-Legal

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

Particulars	As at 31.03.2012		As at 31.03.2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	1,423.93	1,423.93	643.40	643.40
Extraordinary Items	-	-	-	-
Adjustments for:				
Add:				
Depreciation & Amortisation Expenses	2,695.74		2,305.26	
Foreign Exchange Fluctuations-Unrealised Loss	398.74		(68.58)	
Loss on Sale/Discarded of Fixed Assets	9.04		3.02	
Interest	3,081.34	6,184.86	2,545.60	4,785.30
Less:				
Profit on Sale of Assets		-		0.21
Operating Profit before working capital changes		7,608.79		5,428.49
Adjustments for:				
Less:				
Increase in Trade Receivables	5,780.18		-	
Increase in Inventories	1,844.99		-	
Increase in Other Current Assets	-		3.80	
Increase in Long Term Loans & Advances	330.48		-	
Decrease in Trade Payable	-		2,212.13	
Decrease in Other Current Liabilities & Short Term Provisions	521.50		-	
Decrease in Long Term Liabilities & Provisions	12.70		-	
		8,489.85		2,215.93
		(881.07)		3,212.56
Add:				
Decrease in Short Term Loans & Other Current Assets	77.35		125.03	
Decrease in Inventories	-		1,369.50	
Decrease in Trade Receivables	-		2,731.27	
Increase in Trade Payable	4,811.73		-	
Cash generated from operations		4,889.08		4,225.80
		4,008.01		7,438.36
Less:				
Taxes paid	446.61	446.61	864.66	864.66
Cash flow before Extraordinary Items		3,561.40		6,573.70
NET CASH FROM OPERATING ACTIVITIES		3,561.40		6,573.70

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakhs)

Particulars	As at 31.03.2012		As at 31.03.2011	
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Inflow:				
Sale/Retirement of Fixed Assets	9.54	9.54	18.57	18.57
Outflow:				
Investments	351.00		0.05	
Purchase of Fixed Assets	1,099.23		7,707.90	
Capital Work in Progress	953.76		(2,593.35)	
		2,403.99		5,114.60
NET CASH USED IN INVESTING ACTIVITIES		(2,394.45)		(5,096.03)
C. CASH FLOW FROM FINANCEING ACTIVITIES				
Proceeds from Long Term / Short Term Borrowings:				
In flow:				
Long Term Borrowings	-		345.56	
Short Term Borrowings	4,687.78		1,700.34	
		4,687.78		2,045.90
Outflow:				
Long Term Borrowings	2,243.80		0.00	
Interest Paid	3,074.88		2,574.39	
Deferred Payment Liabilities	114.87		68.38	
Corporate Dividend Tax	36.25		113.94	
Equity Dividend	223.47		670.42	
		5,693.27		3,427.13
NET CASH USED IN FINANCING ACTIVITIES		(1,005.50)		(1,381.23)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS (A+B+C)		161.46		96.45
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,345.93		2,249.48
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,507.39		2,345.93

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

For and on behalf of the Board

V.Ragunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 19th May, 2012

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

Significant Accounting Policies and Notes on Financial Statements

Note No. 1: Significant Accounting Policies

A. 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.

B. 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.

C. 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 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.

D. 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.

E. 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

F. Investments:

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

G. 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.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

Note No. 2 : Share Capital

	As at 31 st March, 2012		As at 31 st March, 2011	
	Number	(₹ in Lakhs) Amount	Number	(₹ in Lakhs) Amount
Authorised 20,000,000 Equity Shares of ₹ 10/- each (Previous Year 20,000,000 Equity Shares of ₹ 10/- each)	20,000,000	2000.00	20,000,000	2000.00
Issued,Subscribed & Paid up 14,898,157 Equity Shares of ₹ 10/- each (Previous Year 14,898,157 Equity Shares of ₹ 10/- each)	14,898,157	1,489.82	14,898,157	1,489.82
Total	14,898,157	1,489.82	14,898,157	1,489.82

a) Shares in the Company held by each Shareholders holding more than 5%

Particulars	% of Share Holding	As at 31 st March 2012		% of Share Holding	As at 31 st March 2011	
		Number	(₹ in Lakhs) Amount		Number	(₹ in Lakhs) Amount
Share Capital KLR Products Limited., Holding Company	76.27	11,362,350	1,136.24	76.27	11,362,350	1,136.24

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Note No. 3 : Reserves & Surplus		
a. Capital Reserves		
Opening Balance	20.94	20.94
Transfer	-	-
Utilised	-	-
Closing Balance	20.94	20.94
b. Securities Premium Account		
Opening Balance	247.84	247.84
Add : Securities Premium Credited on Share Issue	-	-
Less : Premium Utilised	-	-
Closing Balance	247.84	247.84
c. General Reserves		
Opening Balance	4,135.00	4,100.00
Add: Transferred from Surplus	40.00	35.00
Deductions during the year	-	-
Closing Balance	4,175.00	4,135.00
d. Surplus		
Opening Balance	14,371.70	14,360.26
Add: Net Profit / (Net Loss) For the Current Year	731.17	307.89
Amount available for Appropriations	-	-
Less: Interim Dividends	-	261.45
Less: Final Dividends	259.71	-
Transferred to General Reserves	40.00	35.00
Closing Balance	14,803.16	14,371.70
Total (a to d)	19,246.94	18,775.48
Note No. 4 : Non-Current Liabilities		
(i) Long-Term Borrowings -		
Secured:		
(a) Term Loans from Banks. (Refer Note No.a to e)		
- Rupee Loan.	4,246.76	6,490.56
- Other Parties.	-	-
Un Secured:		
(b) Deferred Payment Liabilities.(Refer Note No. f (i&ii)	379.83	449.61
Total	4,626.59	6,940.17

Notes :

- a) The Term Loans (except Term Loan for Wind Energy project) availed from State Bank of India, IDBI Bank Ltd & HDFC Bank Ltd 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 and IDBI Bank Ltd are further secured by a second charge on the current assets of the Company consisting of stock in trade, book debts, stores and spares.

- b) 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.
- c) Working Capital Term Loan availed from New India Co-operative Bank Ltd is secured by way of first charge on Company's fixed assets including other movable assets on pari passu basis.
- d) 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 FY 2009-10) and Working Capital Loans from Banks are personally guaranteed by Sri K.S. Raju, a Director of the Company.
- e) Terms of Repayments are given below:
- i) Loan taken from HDFC Bank is repayable in 12 Quarterly Installments of ₹ 200 Lakhs each, commencing from August 2010; Interest Rate @ 12.56%
 - ii) Loan taken from IDBI Bank is repayable in 54 monthly Installments of ₹ 55.55 Lakhs each commencing from January, 2011; Interest Rate 14.25%
 - iii) Loan taken from SBI Corporate Term Loan is repayable in 8 Quarterly Installments of ₹ 250 Lakhs each, commencing from June, 2010; Interest Rate 15.00% and Outstanding Balance as on 31st March 2012 ₹ Nil.
 - iv) Loan taken from New India Working Capital Term Loan is repayable in 5 yearly installments of ₹ 480 Lakhs each, commencing from March, 2011; Interest Rate 11%
 - v) Loan taken from SBI Term Loan-Wind Power Project is repayable in 24 quarterly Instalments of ₹ 90 Lakhs each commencing from September, 2011; Interest Rate 13.75%
- f) Deferred Payment Liabilities.
- i) 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 ₹1330.27 Lakhs. Based on the Sales Tax Returns, the sales tax so deferred aggregates net of repayments to ₹147.99 Lakhs. (Previous Year ₹ 262.85 Lakhs). The repayment of deferred Sales Tax has commenced from July, 2004 as prescribed in the said order.
 - ii) 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 ₹1028.55 Lakhs. The Sales Tax deferred in a year is payable at the end of 14th Year without interest. First payment will 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 ₹ 293.73 Lakhs. (Previous Year ₹ 301.62 Lakhs).

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Note No. 5 : Deferred Tax Liabilities (net)		
a) Deferred Tax Liability comprises of following:		
Fixed Assets-(Depreciation)	3,301.10	3,263.75
Total (a)	3,301.10	3,263.75
b) Deferred Tax Assets comprises of following:		
Disallowances as per Section 43B and Section 40(a) of the Income Tax Act, 1961		
Unabsorbed Depreciation	21.79	18.41
Others	401.31	775.00
Total (b)	423.10	793.41
Total Net (a-b)	2,878.00	2,470.34
Note No. 6 : Other Long Term Liabilities		
Dealers Deposits	871.28	794.08
Trade Payables	187.63	317.51
Total	1,058.91	1,111.59
Note No. 7 : Long Term Provisions		
Provision for Employee Benefits		
Leave Encashment (unfunded)	68.16	28.18
Total	68.16	28.18
Note No. 8 : Current Liabilities		
Secured:		
(a) Loans Repayable on Demand from Banks.*	15,029.75	10,135.46
Total	15,029.75	10,135.46

* 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 Loans.

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Note No. 9 :		
Trade payable		
Trade Payables (Refer Note No a&b)	13,715.31	8,685.81
Total	13,715.31	8,685.81

Note: a) Out of the said amount ₹ 249.82 Lakhs (Previous year ₹ 114.32 Lakhs) pertains to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company. There is no interest payable to such parties as at 31st March 2012. (March 31, 2011: ₹ Nil)

b) Dues to Micro and Small Industrial Undertakings, exceeding 45 days - ₹ 52.69 Lakhs (Previous year - ₹ 24.88 Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Note No. 10		
(a) Other Current Liabilities		
Capital Creditors	429.81	474.46
Current Maturities of Long Term Debts	2,309.73	3,309.73
Interest Accrued but not due	10.05	3.58
Un-Claimed Dividends (Refer Note No. a)	90.06	101.48
Advances from Customers-Domestic	1,152.84	1,237.12
Other Liabilities	597.30	209.10
Un Secured:		
(a) Deferred payment liabilities. [Refer Notes 4 No f (i & ii)]	69.78	114.87
Total	4,659.57	5,450.34

Note: a) The Company has been regularly transferring Unclaimed Dividend to the Investor Education and Protection Fund after the expiry of the prescribed period. 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.

Particulars	As at 31.03.2012	As at 31.03.2011
Note No.11 : Short Term Provisions		
(a) Provision for Employee Benefits		
Provident Fund	27.66	26.86
Gratuity (Funded)	18.29	22.01
Leave Encashment (Unfunded)	1.49	27.24
(b) Provision for Taxes		
Income Tax	-	
Wealth Tax	1.23	1.63
Proposed Equity Dividend	223.47	-
Corporate Dividend Tax	36.25	-
Total	308.39	77.74

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Note No. 15 : Long Term Non Current Investments		
Other Investments - Un Quoted - Non Traded		
Investment in Equity Instruments		
- USP Organics Ltd. (35,00,000 Equity Shares of ₹ 10/- each Previous year NIL)	350.00 -	- -
- New India Co-Operative Bank Ltd. (50,000 Equity Shares of ₹ 10/- each, Previous year 50,000)	5.00	5.00
- Nagarjuna Agrichem (Australia) Pty. Ltd. (100 Equity Shares of AU\$ 1/- each, Previous year 100)	0.05 -	0.05 -
- L R Research Lab Private Limited.	1.00	-
Total	356.05	5.05
Aggregate Amount of Unquoted Investments	356.05	5.05
Note No.16 : Long Term Loans and Advances		
Other Loans and Advances		
Advance Income Taxes (Net of Provisions)	1,125.66	964.15
Prepaid Expenses	9.92	2.10
Loans and Advances to Employees	-	-
Deposits with Government, Public Bodies and Others	3.82	3.91
Electricity and other Deposits	143.92	137.92
Balance with Customs, Central Excise etc.,	23.66	22.29
Rental and Other Deposits	109.79	44.41
Inter Corporate Deposits	250.00	-
Total	1,666.77	1,174.78
Note No. 17 : Inventories		
Raw Materials	4,717.00	6,294.81
Work-in Progress	1,140.95	917.30
Finished Goods	8,536.55	5,725.40
stock in Trade	1,257.10	988.56
Packing Materials	275.09	270.60
Stores and Spares	493.33	378.36
Total	16,420.02	14,575.03

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Note No.18 : Trade Receivables		
(Unsecured, Considered good)		
Outstanding for a Period more than Six Months	1,465.40	433.96
Others:	18,020.56	13,246.28
Total	19,485.96	13,680.24
Note No. 19 : Cash and Cash Equivalents		
a. Cash on Hand	6.54	6.31
b. Balances with Banks*		
-In Current Accounts	2,022.11	1,925.29
-In EEFC Accounts	387.68	313.05
c. Bank Deposits with more than 12 Months Maturity	1.00	1.00
d. Margin Money Deposits	-	9.08
e. Unclaimed Dividend Accounts	90.06	91.20
Total:	2,507.39	2,345.93
Note No. 20 : Short Term Loans and Advances		
Prepaid Expenses	71.67	64.99
Loans and Advances to Employees	13.62	16.13
Balance with Customs, Central Excise etc.,	334.71	479.37
Capital Advances	87.23	46.90
Advance to Material Suppliers and Others	951.12	1,079.72
Advance to Related Parties	366.38	240.82
Total	1,824.73	1,927.93
Note No. 21 : Other Current Assets		
Interest accrued on Deposits	42.84	16.99
Total	42.84	16.99

(₹ in Lakhs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Note No. 22 : Revenue From Operation		
(a) Sale of Products;	69,120.85	61,972.73
(b) Other Operating Revenues;		
- Conversion Charges	356.28	325.57
- Income from Operations	1,331.27	1,242.89
Less:		
Excise Duty & VAT	6,501.90	6,532.79
Total	64,306.50	57,008.40
Note No. 23 : Other Income		
(a) Interest Income (TDS ₹ 77210/- Previous Year ₹ 82,783/-)	40.21	21.42
(b) Other Non-Operating Income		
- Excess Provisions Written Back	106.85	318.03
- Profit on Sale of Fixed Assets	-	0.21
Bad Debts Written off Recovered	100.99	39.44
Others	138.02	147.87
Total	386.07	526.97
Note No. 24 Cost of Materials Consumed		
Raw-Material Consumption	38,991.27	30,416.52
Packing-Material Consumption	2,693.13	2,755.53
Total	41,684.40	33,172.05

(₹ in Lakhs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Note No. 25 : Changes in Inventories of Finished Goods and Work-in-Progress		
Opening Work-in Progress	917.30	1,139.40
Opening Finished Goods	5,725.40	8,131.48
Total:	6,642.70	9,270.88
Closing Work-in Progress	1,140.95	917.30
Closing Finished Goods	8,536.55	5,725.40
Total	9,677.50	6,642.70
Net (Increase) / Decrease in Stock	(3,034.80)	2,628.18
Note No. 26 : Employee Benefits Expenses		
Salaries, Wages and Bonus	4,082.31	3,670.15
Contribution to Provident and Other Funds	181.06	177.48
Workmen and Staff Welfare Expenses	231.32	159.02
Total	4,494.69	4,006.65
Note No. 27 : Finance Costs		
(a) Interest Expense		
(i) Interest on Term Loans	1,095.57	987.67
(ii) Interest on Working Capital Loans	1,035.26	897.21
(iii) Interest - Others	560.47	385.02
(iv) Bank Charges	142.44	110.88
(v) Financial Charges	247.60	164.82
	3,081.34	2,545.60
(b) Exchange Fluctuations on Foreign Currency Transactions	241.98	49.60
Total	3,323.32	2,595.20
Note No. 28 : Depreciation and Amortization Expense		
(Refer Note No. 12 to 14)		
Tangible Assets	2655.07	2264.05
Intangible Assets	40.67	41.21
Total	2,695.74	2,305.26

(₹ in Lakhs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Note No. 29 : Other Expenses		
Consumption of Stores and Spare Parts.	482.63	381.66
Repairs and Maintenance		
- Buildings.	19.15	19.91
- Plant & Machinery.	22.99	22.03
- Others	19.68	21.98
Other Manufacturing Costs	1,121.48	1,330.22
Power and Fuel.	3,154.86	2,431.41
Rent.	215.15	192.54
Rates and Taxes, excluding Taxes on Income.	59.47	44.99
Communication Expenses	86.50	98.45
Travel & Conveyance	760.00	739.83
Technical Consultancy	5.61	48.53
Legal & Professional Charges (excl int&cost auditor)	176.48	132.24
Insurance .	88.28	88.16
Directors' Sitting Fees	5.40	4.24
Directors Expenses	11.14	15.50
Auditors' Remuneration		
- Audit Fee	10.00	10.00
- Taxation matters	3.00	3.00
- Certification Fees	3.00	3.00
- Out of Pocket Expenses	1.50	1.50
Cost Audit Fee	3.00	3.00
S.A.P. Annual Maintenance	20.49	16.12
R&D and Product Development Expenses	30.16	9.16
Miscellaneous Expenses	441.90	272.93
Capital Work-in-Progress - Written off	-	303.03
Loss on Sale / Retirement of Fixed Assets	9.04	3.02
Bad debts Written off	109.39	263.84
Marketing Expenses	813.63	794.71
Freight Outward	966.66	990.76
Export and Export Related Expenses	472.73	319.54
Total	9,113.32	8,565.30
DUTIES AND TAXES		
Excise Duty	5,112.09	4,637.96
Less : Adjusted to Turnover	4,763.37	4,735.36
Total	348.72	(97.40)
Total	9,462.04	8,467.90

Note No. 30 : Commitments / Contingent Liabilities

(₹ in Lakhs)

Sl. No	Particulars	As at 31.03.2012	As at 31.03.2011
a.	Commitments / Contingent Liabilities		
	(i) Letters of Credit	6458.55	2670.00
	(ii) Counter Guarantees	222.20	774.19
b.	Claims against the Company Not Acknowledged as Debts in Respect of		
	(i) Excise Duty, Service Tax Demands - Company has appealed against orders raised the demands	24.83	28.23
	(ii) Income Tax Demands - Company has appealed against orders raised the demands. (Net of payments made under protest)	73.21	90.50
c.	Estimated amount of Contracts, remaining to be executed on Capital Account and not provided for (Net of Advance)	982.09	897.18
d.	Others	250.78	250.78

Note No. 31 :

Borrowing Cost incurred during the year for acquisition of assets aggregated to ₹ 10.54 Lakhs (Previous year ₹ 172.93 Lakhs)

Note No. 32 :

During the year, the Company has incorporated a Wholly Owned Subsidiary, limited by shares viz. LR Research Laboratories Pvt. Ltd. under the Companies Act, 1956. The Company has also a Wholly Owned Subsidiary in Australia viz. Nagarjuna Agrichem (Australia) Pty. Limited. As operations are yet to commence in these Companies, no consolidation of Financial Statements is required.

Note No. 33 : Payments to Auditors:

(₹ in Lakhs)

Sl. No.	Particulars	2011-12	2010-11
1	Statutory Audit *	10.00	10.00
2	Tax Audit *	3.00	3.00
3	Certification *	3.23	4.08
4	Out of Pocket Expenses	1.50	1.57
Total		17.73	18.65

* excludes Service Tax

Note No. 34 : Expenditure on Research & Development:

(₹ in Lakhs)

Particulars	2011-12	2010-11
Capital Expenditure	12.07	60.56
Revenue Expenditure charged to the Profit and Loss	65.84	100.44
Total	77.90	161.00

Note No. 35 :

A. Raw Material Consumed:

(₹ in Lakhs)

	UNIT	2011-12		2010-11	
		Qty	Value	Qty	Value
Raw Material *	MT/KL	35540	38991.27	36748	30416.52
Total		35540	38991.27	36748	30416.52

* Note:- There is no Individual Item of Raw Material consumed exceeding 10% of the Total Raw Material Consumed.

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

(₹ in Lakhs)

	2011-12		2010-11	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	17899.08	45.91	11272.66	37.06
Indigenous	21092.19	54.09	19143.86	62.94
Total	38991.27	100.00	30416.52	100.00

C. Value of Stores and Spares Consumed:

(₹ in Lakhs)

	2011-12		2010-11	
	₹ in Lakhs	%	₹ in Lakhs	%
Indigenous	482.73	100	381.66	100

D. Value of Imports Calculated on CIF Basis

(₹ in Lakhs)

	2011-12 ₹ in Lakhs	2010-11 ₹ in Lakhs
Raw Material	13640.05	11981.95
Capital Goods	199.04	20.58

E. Expenditure in Foreign Currency

	2011-12 ₹ in Lakhs	2010-11 ₹ in Lakhs
Traveling Expenses	14.98	13.07
Consultancy Charges	25.96	45.17
Others including Commission	41.30	108.56

F. Earnings in Foreign Exchange:

	2011-12 ₹ in Lakhs	2010-11 ₹ in Lakhs
Export of Goods on FOB Basis	19686.07	15351.06

Note No. 36 : Foreign Exchange Fluctuations:

Foreign Exchange gain/ (loss)	2011-12 ₹ in Lakhs	2010-11 ₹ in Lakhs
On Exports		
- Adjusted to Export Sales	34.20	72.62
On Imports		
- Adjusted to Consumption of Raw Materials	313.97	1.46
On Loans & Others Shown under		
- Finance Cost (b) Exchange Fluctuation on Foreign Currency Transactions	241.97	(49.59)
Net Foreign Exchange (Debited) / Credited to Profit & Loss	590.14	24.49

Note No. 37 : Related Party Transactions:**A. Names of Related Parties and Description of Relationship.**

S.No	Relationship	Party
1.	Subsidiary Company	Nagarjuna Agrichem (Australia) Pty. Limited, Australia, LR Research Laboratories Pvt. Ltd.
2.	Holding Company	KLR Products Limited (Formerly GSR Products Limited)
3.	Associates	Indo International Fertilizers Ltd., Nagarjuna Fertilizers & Chemicals Ltd, Bhagiradha Chemicals & Industries Ltd, USP Organics Pvt. Ltd.
4.	Key Management Personnel (KMP)	Mr.V.Vijay Shankar, Managing Director Mr.N.Vijayaraghavan, Whole Time Director(*) Mrs.K.Lakshmi Raju, Director (having significant influence)
5.	Relatives of Directors	Mr.K.S.Raju (Father of Mrs.K.Lakshmi Raju, Director) Mrs.K.Lakshmi Raju (Sister of Mr.K.S.Raju, Director)

(*) Resigned as Whole Time Director with effect from 29th October, 2011. However, he is continuing as Director of the Company.

B. Related Party Transactions are as under:

(₹ in Lakhs)

Sl. No.	Transaction	Holding Company		Associates		Key Management Personnel		Relatives of Directors	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1.	Sales (incl. Capital)	-	-	86.31	-	-	12.48	-	-
2.	Purchases (incl Capital)	-	-	1434.21	1271.53	-	-	-	-
3.	Conversion Charges	-	-	180.00	461.79	-	-	-	-
4.	Building , Equipment & Godown Rents -Expense	-	-	1.44	7.44	106.21	81.45	-	11.16
5.	Godown Rent-Income	-	-	6.00	5.75	-	-	-	-
6.	Managerial Remuneration	-	-	-	-	120.44 *	87.25	-	-
7.	Advance Payments	1.94	1.45	164.30	189.22	-	50.15	-	-
8.	Bank Guarantee given	-	-	-	475.36	-	-	-	-
9.	Credit Balances Outstanding as 31 st March	-	-	-	-	-	-	-	0.38
10.	Debit Balances Outstanding as 31 st March	1.94	1.45	360.81	371.05	50.15	50.15	-	-

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

*. Including MD remuneration, which is subject to Central Government approval.

Note No. 38 : Earnings per Share : The Computation of EPS is as follows

(₹ in Lakhs)

SI No.	Particulars	2011-12	2010-11
a)	Profit/(Loss) After Tax (₹ in Lakhs) (There are no Extra Ordinary Items)	731.17	307.89
b)	Earnings available to Equity Shareholders (₹ in Lakhs)	731.17	307.89
c)	Weighted Average No. of Shares Taken for Computing EPS		
	- Basic	1,48,98,157	1,48,98,157
	- Diluted of par value of ₹ 10/-	1,48,98,157	1,48,98,157
d)	Earnings Per Share (₹) (b/c)		
	- Basic	4.91	2.07
	- Diluted	4.91	2.07

Note No. 39 : 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, (AY 2011-12) would not be treated as the initial assessment year.

For the year, the Company is obliged to pay current tax of ₹ 285.10 Lakhs 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.

Note No. 40 : 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:

(₹ in Lakhs)

Particulars	FY 2011-12	FY 2010-11
Employer's Contribution to Provident Fund	91.80	90.03
Employer's Contribution to Pension Scheme	67.28	64.40

B. Defined Benefit Plan:

Liability for retiring gratuity as on March 31, 2012 is ₹ 269.22 Lakhs (as on March 31, 2011 - ₹ 248.18 Lakhs) of which ₹ 249.19 Lakhs (as on March 31, 2011-₹ 226.16 Lakhs) 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.

₹ in Lakhs

S.No.	Particulars	31.03.2012	31.03.2011
1.	Actuarial Assumptions		
	Discount Rate	8%	8%
	Salary Escalation	4%	4%
	Attrition Rate	1-3%	1-3%
	Mortality Table	LIC (1994-96)	LIC (1994-96)
	Retirement Age	58 Years	58 Years

(₹ in Lakhs)

Sl.No.	Particulars	31.03.2012	31.03.2011
2.	Table Showing Changes in Present Value of Obligation as on 31/03/2012		
	Present Value of Obligations as at		
	Beginning of Year	142.66	238.51
	Interest Cost	11.41	19.08
	Current Service Cost	31.68	18.28
	Benefits Paid	(19.40)	(27.70)
	Actuarial (Gain) / Loss on Obligations	(6.31)	(0.01)
	Present value of Obligations as at End of Year	160.05	248.18
3.	Table Showing changes in the Fair Value of Plan Assets as on 31/03/2012		
	Fair Value of Plan Assets at beginning of year	167.84	210.50
	Expected return on Plan Assets	21.02	19.18
	Contributions	79.73	24.19
	Benefits Paid	(19.40)	(27.70)
	Actuarial Gain/(Loss) on Plan Assets	-	-
	Fair Value of Plan Assets at the End of Year	249.19	226.16
4.	Table showing fair value of plan assets		
	Fair Value of Plan Assets at beginning of Year	167.84	210.50
	Actual Return on Plan Assets	21.02	19.18
	Contributions	79.73	24.19
	Benefits Paid	(19.40)	(27.70)
	Fair Value of Plan Assets at the End of Year	249.19	226.16
	Funded Status	89.14	(22.01)
	Excess of Actual over Estimated Return on Plan Assets (Actual rate of return = Estimated Rate of Return as ARD falls on 31 st March)	-	-
5.	Actuarial Gain/Loss recognized		
	Actuarial (Gain) / Loss on Obligations	6.31	0.01
	Actuarial (Gain) / Loss for the Year - Plan Assets	-	-
	Actuarial (Gain) / Loss on Obligations	(6.31)	(0.01)
	Actuarial (Gain) / Loss Recognized in the Year	(6.31)	(0.01)
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	160.05	248.18
	Fair Value of Plan Assets as at the End of the Year	249.19	226.16
	Funded Status	89.14	(22.01)
	Net Asset/(Liability) Recognized in Balance Sheet	(89.14)	(22.01)
7.	Expenses Recognised in Statement of Profit and Loss		
	Current Service Cost	31.68	18.28
	Interest Cost	11.41	19.08
	Expected Return on Plan Assets	(21.02)	(19.18)
	Net Actuarial (Gain)/ Loss Recognized in the Year	(6.31)	0.01
	Past Service Cost	-	-
	Expenses Recognised in Statement of Profit and Loss	15.77	18.20

The obligation of Leave Encashment is Recognized Based on Actuarial Valuation made by an Independent Actuary at the End of the Financial Year.

Note No. 41 :

Balance of Debtors, Loans and Advances and Creditors are subject to Reconciliation and Confirmation.

Note No. 42 :

Figures of the previous year have been re-grouped/recast wherever necessary to conform to the current year's presentation/classification.

Note No. 43 :

Figures are rounded off to the nearest Thousands.

Signatures to Notes 1 to 43

As per our Report of even date attached
For **M.BHASKARA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

V.Ragunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 19th May, 2012

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

Nagarjuna Agrichem Limited

ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM
(Members authorization to receive dividend through ECS mechanism)

1.	Name of the First /Sole Shareholder	
2.	Regd.Folio No/DP ID No. and Client ID No.	
3.	Particulars of Bank Account of First / Sole Shareholder:	
	(a) Name of the Bank	
	(b) Name of the Branch	
	(c) Branch Code	
	(d) Address of the Bank	
	(e) Telephone No.of the Branch	
	(f) 9-Digit Code Number of the Bank and Branch as appearing on the MICR Cheque	
	(g) Account Number (as appearing on the Cheque Book /Pass Book)	
	(h) Account Type (S.B. Account/ Current or Cash Credit)	
	(i) Ledger No./ Ledger Folio No.	
	(j) Effective Date of this Mandate	

I hereby declare that the Particulars / Details given above are correct and complete. If the Transaction is delayed or not effected at all for reasons of incomplete or incorrect information supplied as above, the Company / XL Softech Systems Ltd (RTA) will not be held responsible. I agree to discharge the responsibility expected of me as a participant under the Scheme. I further undertake to inform the Company any change in my Bank/ Branch and Account Number.

Place: _____

Dated: _____

(Signature of First/ Sole Shareholder)

- 1) Please attaché a Blank Cancelled Cheque or Photocopy of a Cheque .Alternatively, these particulars may be attested by the Bank Manager.
- 2) In case of more than one Regd.Folio/Demat Account, please complete the details separately for each such Folio / Demat Account.
- 3) The information provided would be utilised only for the purpose of effecting dividend payments meant for you. You also have the right to withdraw from this mode of payment by providing the Company with an advance Notice of one month.
- 4) Members of the Company holding the Shares in Dematerialized Form are requested to inform to their respective Depository Participant with regard to the following:
 - (i) Changes in particulars of Bank Mandate/ Address/PAN
 - (ii) Correction in name

These changes as updated by the respective depository participants are automatically registered with the NSDL/CDSL from whom the Company obtains data of its members.
- 5) Please send the duly filled in mandate Form to:
 - (i) the Depository Participant who is maintaining your Demat Account in case you hold Shares in Dematerialized Form
 - (ii) the Company, at the Registered Office Regd. Office: Plot no.12-A, "C" Block, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad-500082. (A.P) INDIA.



E-COMMUNICATION REGISTRATION FORM

(In terms of Circular no. 17/2011 Dated 21.04.2011 Issued by the Ministry of Corporate Affairs)

To
 The Company Secretary & Head-Legal,
 Nagarjuna Agrichem Limited,
 Regd. Office: Plot no.12-A, "C" Block,
 No.8-2-248/1/7/78, Nagarjuna Hills,
 Panjagutta, Hyderabad-500082. (A.P) INDIA.
 Phone No.040-33605123/ 124/ 125,
 Fax No.040-23350234/ 23358062

Dear Sir,

Sub: Registration of E-mail

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder:

Name of Joint Holder(s) :

Registered Address :

.....

.....

.....

E-mail ID (to be registered):

I/We Shareholder(s) of Nagarjuna Agrichem Limited agree to receive communication from the Company in Electronic Mode.

Please register my above e-mail id in your records for sending communication through E-mail.

Place: _____

Dated: _____

Signature :

- On registration of e-mail, all the communications, including the Annual Reports, will be sent to the said registered mail.
- Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail.



NAGARJUNA AGRICHEM LIMITED

Regd. Office :Plot No12-A"C" Block, Lakshmi Towers,
Nagarjuna Hills, Punjagutta, Hyderabad-500 082, A.P.

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 25th Annual General Meeting of the Company held at 10 a.m on Wednesday, the 26th September, 2012 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 No12-A"C" Block, Lakshmi Towers,
Nagarjuna Hills, Punjagutta, Hyderabad-500 082, A.P.

REGD. FOLIO NO/ CLIENT ID

NO.OF SHARES

PROXY FORM

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 25th Annual General Meeting of the Company to be held at 10 a.m on Wednesday, the 26th September, 2012 at M/s Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841,PH No.14, Red Hills, Hyderabad -500 004 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

(affix
₹ 1/-
Revenue
stamp)

Signed by the said _____

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.



Business partners visit to NAACL field trials in India



NAACL product demonstration in the field



NAACL team visit to field trials in foreign countries



NAACL Chariot for Product Promotion



Shandy Counter for Product Promotion



Shandy Counter for Product Promotion

**BOOK - POST
PRINTED MATTER**

Nagarjuna - Pride of the Indian Farmer



NAGARJUNA AGRICHEM LIMITED



Plot No. 12-A, 'C'-Block, Lakshmi Towers,
No. 8-2-248-1-7-78,
Nagarjuna Hills, Punjagutta,
Hyderabad-500 082 (A.P)

