

**Regd. Office :**

Plot No. 12-A, 'C' Block, Lakshmi Towers,  
Nagarjuna Hills, Punjagutta,  
Hyderabad - 500 082. INDIA.  
Ph : +91-40-33605123  
Fax : (00 9140) 23350234 / 23358062  
CIN : L24219TG1986PLC016607  
Website : www.nagarjunaagrlichem.com  
E-mail : info@nagarjunaagrlichem.com



Ref: NAACL/CS/AR2016-17

22<sup>nd</sup> September, 2016

Corporate Relationship Department,

BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort,

Mumbai - 400 001.

Phones : 91-22-22721233/4, 91-22-66545695 (Hunting)

Fax : 91-22-22721919

Dear Sir,

Sub: Submission of Annual Report for 2015-16 of the Company as per the regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 -Reg.

Ref: Stock Code: 524709 / NAGAAGRI.

Pursuant to the regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Annual Reports for the year 2015-16 as approved and adopted by the members of the Company in the Annual General Meeting held on 19<sup>th</sup> September, 2016 as per the provisions of the Companies Act, 2013. Please take the same into records.

Thanking you,

Yours faithfully

**For Nagarjuna Agrichem Limited**



**Satish Kumar Subudhi**

**Company Secretary & Head-Legal & Compliance Officer**

Encl: as above



# Nagarjuna Agrichem Limited



Annual Report 2015-16



Srikakulam Plant honored with the “Best Management Award” for the year 2015-16 by the Government of A.P.



Product launch in International market.

## BOARD OF DIRECTORS

Mr.D.Ranga Raju	: Chairman
Mr.K.S.Raju	: Director
Mrs.K.Lakshmi Raju	: Director
Mr.Sudhakar Kudva	: Director
Mr.K.Raghuraman	: Director
Mr.N.Vijayaraghavan	: Director
Mr.Raghavender Mateti	: Director
Mr.V.Vijay Shankar	: Managing Director



<b>Day</b>	: Monday
<b>Date</b>	: 19 <sup>th</sup> September, 2016
<b>Time</b>	: 10.00 a.m.
<b>Venue</b>	: Surana Udyog Auditorium Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, Red Hills, Hyderabad-500 004, Telangana State.

## SENIOR MANAGEMENT

Mr.Amit Taparia	: Vice President - Procurement & IT
Mr.C.Varada Rajulu	: Vice President - Manufacturing (Srikakulam)
Mr.G.Jagannadha Rao	: Executive Vice President - Exports
Mr.Harish Chandra Bijlwan	: Vice President - Operation & Technology
Mr.J.Satyanarayana Das	: Vice President - Manufacturing (Ethakota)
Mr.Manikkam Natarajan	: Executive Vice President - Marketing & Sales
Mr.R.K.S.Prasad	: Chief Financial Officer
Mr.Satish Kumar Subudhi	: Company Secretary & Head - Legal
Mr.S.Chandra Sekhar	: Sr. Vice President - Corporate HPD
Dr.Venkatesan Subbusamy	: Sr. General Manager - Registration & Regulatory Affairs

### CIN:

L24219TG1986PLC016607

### REGISTERED OFFICE:

Plot No.12-A, "C" Block,  
Lakshmi Towers,  
No.8-2-248/1/7/78,  
Nagarjuna Hills,  
Punjagutta,  
Hyderabad-500082,  
Telangana State.  
Ph.040-33605123  
e-mail:  
info@nagarjunaagrlichem.com  
Website:  
www.nagarjunaagrlichem.com

### FACTORIES:

Arinama Akkivalasa,  
Etcherla Mandal,  
Srikakulam,  
Andhra Pradesh.

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

### R & D CENTRE:

Nandigaon Village,  
Shadnagar, Kothur Mandal,  
Mahaboobnagar Dist.  
Telangana State.

### STATUTORY AUDITORS:

M/s M.Bhaskara Rao & Co.,  
Chartered Accountants,  
5-D, Kautilya, Somajiguda,  
Hyderabad-500082.  
Telangana State.

### COST AUDITORS:

M/s. K.Narasimha Murthy & Co.,  
Cost Auditors,  
No. 3-6-365, 104 & 105,  
Pavani Estate,  
Himayathnagar,  
Hyderabad-500029.  
Telangana State.

### BANKERS:

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

### SHARE REGISTRARS &

### TRANSFER AGENTS:

XL Softech Systems Ltd.  
No.3, Sagar Society,  
Road No.2,  
Banjara Hills,  
Hyderabad-500034.  
Telangana State.  
Ph.040-23545913/914/915  
Fax:040-23553214  
E-mail: xlfield@gmail.com

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## NOTICE

**NOTICE** is hereby given that the 29<sup>th</sup> Annual General Meeting of M/s. Nagarjuna Agrichem Limited will be held at 10:00 A.M. on Monday, the 19<sup>th</sup> day of September, 2016 at Surana Udyog Auditorium, M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, P.B. No.14, Red Hills, Hyderabad – 500004, Telangana State to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2016, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2016.
3. To appoint a Director in place of Mr. K.S. Raju (DIN: 00008177) who retires by rotation and being eligible, offers himself for re-appointment.
4. Ratification of appointment of Statutory Auditors of the Company and fixing their Remuneration:

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

“RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditor) Rules, 2014 and other applicable Rules, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. M. Bhaskara Rao & Co., Chartered Accountants, (Registration No.000459S), as Statutory Auditors of the Company, to hold office from the conclusion of this 29<sup>th</sup> Annual General Meeting (AGM) till the conclusion of the 30<sup>th</sup> AGM of the Company to be held in the year 2017 on such remuneration plus service tax, out-of-pocket, travelling and other expenses etc., as may be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee.”

### SPECIAL BUSINESS:

#### 5. Ratification of remuneration of the Cost Auditors:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable Rules, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 4,25,000/- (Rupees Four Lakhs Twenty Five Thousand only) plus service tax, out-of-pocket, travelling and other expenses etc., to be paid to M/s. K. Narasimha Murthy & Co., (Registration No.4042) the Cost Auditors appointed to conduct the audit of the cost records of the Company for the financial year ended 31<sup>st</sup> March, 2017, as fixed by the Board on the recommendation of the Audit Committee, be and is hereby approved and ratified.”

#### 6. Approval for payment of consultancy fees to Non-Executive Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 and other applicable Rules and Regulations, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded to the appointment of Mr. N. Vijayaraghavan, Non-Executive Non-Independent Director of the Company, as a consultant to render the consultancy services to the Company on his professional capacity, with effect from 07<sup>th</sup> February, 2016 for such period, consultancy fees and on such terms and conditions as set out in the explanatory statement attached hereto and the Consultancy Agreement dated 06<sup>th</sup> February, 2016 entered into between the Company and Mr.N.Vijayaraghavan, which is hereby ratified and approved.

“RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to alter and vary any such terms and conditions of the said appointment and consultancy fees or revise the consultancy fees in such manner as may be acceptable by the Board and Mr. N. Vijayaraghavan, and such agreement shall be suitably amended to give effect to such modification, relaxation or variation.”

“RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorized, empowered and directed

by the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit to give effect to this resolution.”

**7. Determination of charges to be collected for delivery of document(s) by a particular mode:**

“RESOLVED THAT pursuant to the provisions of Section 20 and all other applicable provisions of the Companies Act, 2013 (“the Act”) read with the Rules framed thereunder (“the Rules”) (including any statutory modification(s) or re-enactment(s) of the Act and/ or the Rules for the time being in force) authority be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof which the Board may have constituted or herein after constitute to exercise its powers including the powers conferred by this resolution) to determine the fee to be charged from a member who requests delivery of any document through a particular mode.”

“RESOLVED FURTHER THAT, the Board be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty and doubt that may arise in respect of the aforesaid matter to give effect to the above resolution.”

**By order of the Board**

**Satish Kumar Subudhi**

Company Secretary & Head-Legal  
(ACS 12211)

Place : Hyderabad

Dated : 06<sup>th</sup> August, 2016

Registered Office:

CIN: L24219TG1986PLC016607

Plot No.12-A, “C”- Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad-500082, Telangana State, INDIA.  
Ph.040-33605123.

e-mail : investors@nagarjunaagrchem.com

Website : www.nagarjunaagrchem.com

## Notes:

**1) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a Member of the Company:**

**Proxies / Power of Attorney forms, in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the scheduled time of the Meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A Proxy Form is attached herewith.**

**2) Explanatory Statement:**

The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business items is given below and forms part hereof.

**3) Director proposed to be appointed/re-appointed:**

Members may kindly refer “Corporate Governance Report” (forms part hereof), for details, about the Directors to be appointed/re-appointed.

**4 a) Book Closure:**

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 12<sup>th</sup> September, 2016 to Monday, 19<sup>th</sup> September, 2016 (both days inclusive).

**b) Dividend:**

The dividend on Equity Shares for the financial year 2015-16, will be paid after declaration by the members:

- i) in respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on 09<sup>th</sup> September, 2016, after giving effect to all valid share transfer documents lodged with the Company / its RTA on or before 09<sup>th</sup> September, 2016.
- ii) 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 11<sup>th</sup> September, 2016.

**5) Unclaimed Dividend:**

- a) The Members are hereby informed that the Company would transfer the dividends, which remains unpaid/unclaimed for a period of 7 (seven) years, to the Investors Education and Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013.
- b) 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 IEPF.

- c) In view of the above, the Shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years, 2008-09 (final dividend) to 2014-15 (final 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 IEPF.
- d) Members may please refer to "Corporate Governance Report" (forms part hereof) for details of unclaimed dividend amount credited to IEPF account during the year 2015-16.

**6) a) Members Nomination:**

- i. Members are advised to avail themselves of nomination facility as per the Section 72 of the Companies Act, 2013. Facility for making nomination is available for the Members in respect of the shares held by them.
- ii. Members holding shares and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Further, a Member who desires to cancel the earlier nomination and record fresh nomination may submit the same in Form No. SH-14. Both the Forms for "Nominations" and "Cancellation or Variation of Nomination can be availed from the RTA or can be downloaded from the Company's website.
- iii. Members holding shares in physical form are requested to submit the forms to the Company's Share Registrars and Transfer Agents (RTA). The members holding shares dematerialized form are requested to file the Nomination/ Cancellation or Variation in Nomination forms with their respective Depository Participants in prescribed form.

**b) Updation of members details:**

- i. The format of the Register of members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrar and Share Transfer Agent to record additional details of members, including email address, bank details for payment of dividend etc. In this regard, a form for capturing the additional details is appended at the end of this Annual Report. Members holding shares in physical form are requested to submit their filled in form to the Company or the Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.
- ii. The Securities and Exchange Board of India (SEBI) has mandated the submission of

Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN details to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Company or its RTA (Share Transfer Agent).

**7) Corporate Members:**

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

**8) Important Communication to Members:**

- a) All communications relating to the shares may be addressed to our Share Transfer Agent (RTA) Office i.e., M/s. XL Softech Systems Limited,  
(Unit: Nagarjuna Agrichem Limited) No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, TS  
Telephone No: 040-23545913 /914/915;  
Fax No.040-23553214, e-mail ID:xlfield@gmail.com
- b) The members may please visit the Company's Website: [www.nagarjunaagrichem.com](http://www.nagarjunaagrichem.com) to find more information about the Company.
- c) 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 Registrations Form attached with this Annual Report.
- d) Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS) / National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's RTA, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to RTA.

- e) Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA of the Company for assistance in this regard.
- f) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or RTA the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
- g) Electronic copy of the Annual Report for 2015-16 is being sent to all members whose email addresses are registered with the Company/Depository Participants for communication purposes, unless any members has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-16 are being sent in the permitted mode.

#### 9) Listing Fees:

The Company has paid the Listing Fees for the year 2016-17 to BSE Limited, Stock Exchange where the Companies share are listed, Mumbai where the equity shares of the Company are listed.

#### 10) Members are requested to:

- a) send their queries, if any, to reach the Company's Registered Office at Hyderabad at least 7 days before the date of the Meeting so that information can be made available at the Meeting.
- b) bring their copy of the Annual Report and Attendance Slip with them to the Meeting.
- c) to bring their DPID and Client ID numbers for easy identification of attendance at the venue of AGM, who hold shares in dematerialized form;
- d) send their e-mail address to the Company/RTA for prompt communication.
- e) to quote their Regd. Folio Number or DP and Client ID Numbers in all their correspondence with the Company/RTA.

#### 11) Instructions about Voting:

In terms of Section 108 and other applicable provisions of Companies Act, 2013, read with Regulation 4(2)(a) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and to facilitate the members, the Company is providing e-voting, besides the polling process to be conducted at the AGM venue.

The members are requested to opt for any one mode of voting i.e., either through e-voting or through polling process to be conducted at the AGM. If a member cast votes by both modes, then voting done through a valid e-vote shall prevail and voting through polling process

conducted at AGM shall be treated as invalid. Please refer to the following instructions for voting through electronic means:

#### A) e-Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company is providing Members facility to exercise their right to vote by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:
- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) Click on "Shareholders" tab.
- iii) Select the "NAGARJUNA AGRICHEM LIMITED" from the drop down menu and click on "SUBMIT"
- iv) Enter your User ID - For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID. Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- vi) Fill up the following details in the appropriate boxes:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
DIVIDEND BANK DETAILS	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramanathan with sequence number 1 then enter RA00000001 in the PAN Field.

\* Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Set Password' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the relevant EVSN for Nagarjuna Agrichem Limited.
- xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the Scrutinizer to verify the same.
- xviii) E-Voting by Mobile app:  
Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- II. The e-voting period begins on 15<sup>th</sup> September, 2016 (10.00 am) and ends on 18<sup>th</sup> September, 2016 (5.00 p.m.). During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as of 09<sup>th</sup> September, 2016 (i.e., the cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- III. In case members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help Section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [investors@nagarjunaagrachim.com](mailto:investors@nagarjunaagrachim.com)

- IV. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 09<sup>th</sup> September, 2016.
- V. Mr. C. K. Burma, Practicing Company Secretary (Membership No:9566), Proprietor of M/s. C. K. Burma & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.

**B) Other Instructions:**

- I. The Scrutinizer will collate the votes downloaded from the e-voting system and votes casted during the polling

- II. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com) and be communicated to the Stock Exchanges where the Company's shares are listed, i.e., BSE Limited, stock exchange where the Companies share are listed.
- III. Members may address any query to Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal, at the Registered Office of the Company, Tel. No.040-33605123/124/125, Fax No. 040-23358062 Email: [investors@nagarjunaagrchem.com](mailto:investors@nagarjunaagrchem.com); Website: [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com)

**Route Map to the AGM Venue i.e, FTAPCCI, Red Hills, Hyderabad.**



**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS ITEMS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

**Item No.5:**

The Board of Director of the Company, on recommendation of the Audit Committee, has approved the appointment of the Cost Auditors namely M/s K. Narasimha Murthy & Co., (Registration No.4042), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2017, at a remuneration of ₹ 4,25,000/- (plus service tax, out-of-pocket, travelling and other expenses etc.).

In accordance with the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Rule 14 of Companies (Audit and Auditors) Rules, 2014, the appointment and remuneration payable to the Cost Auditors has to be approved and ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Shareholders.

None of the Directors / Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

**Item No.6:**

Mr.N.Vijayaraghavan, a Non-Executive Non-Independent Director of the Company, is a B. Tech., (Metallurgy) from Indian Institute of Technology (IIT), Chennai and a Post Graduate Diploma in Business Administration from IIM, Ahmadabad. He possesses over 38 years of wide corporate experience. He worked in various senior positions in the wide industry spectrum of Companies like L&T, ITW Signode, Sterlite Industries etc. His experience includes various manufacturing fields, marketing management and general management.

To take the best use of his knowledge and expertise, it was proposed to engage Mr. N.Vijayaraghavan as a Consultant, for rendering specialized professional natured consultancy services to the Company. In terms of Section 197(4)(b) and other applicable provisions of the Companies Act, 2013, the Nomination and Remuneration Committee, at its meeting held on 06th February, 2016, took note of the qualification and experience of Mr.N.Vijayaraghavan, and opined that he possess the requisite qualification to render professional natured services to the Company.

Further, pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 read with Regulation 18, 23 and other applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Audit Committee and the Board of Directors of the Company at their respective meetings held on 06th February, 2016, accorded their respective approvals for the for the appointment of Mr. N. Vijayaraghavan as a consultant to render the consultancy services to the Company on his professional capacity, with effect from 07th February, 2016 for such period, consultancy fees and on such terms and conditions as set out herein below and of the Consultancy Agreement dated 06th February, 2016 entered into between the Company and Mr.N.Vijayaraghavan:

1. Term: The Consultancy Agreement shall be effective from the date of its execution and shall be valid for an initial period of 2 (Two) years from the date of Agreement (i.e., 06<sup>th</sup> February, 2016), or earlier termination of the Agreement. The Agreement shall be renewed automatically for a period of one year each, after the expiry of said initial period of one year (the 'Consultancy period'), until one month prior notice is received by either of the parties.
2. Consultancy fees:
  - a) A onetime consultancy fees of Rs. 4,00,000/- (Rupees Four Lakhs Only) shall be paid to Mr. N. Vijayaraghavan for carrying out preliminary study and analysis during 07<sup>th</sup> February, 2016 to 31<sup>st</sup> March, 2016.
  - b) Thereafter, a retainership fee of Rs 2,40,000/- (Rupees Two Lakhs and Forty Thousand) per month shall be paid to Mr. N. Vijayaraghavan, with effect from 01<sup>st</sup> April, 2016, payable either monthly, bi-monthly or quarterly, during the tenure of Agreement.
  - c) Reimbursement of all pre-approved expenses reasonably incurred in the performance of the said services by Mr. N. Vijayaraghavan, upon submission and approval of the written statement and receipts in accordance with the then regular procedure of the Company.

The copy of the said agreement along with the relevant documents will be available for inspection at the AGM venue and during the office hours at the Registered Office of the Company, till the conclusion of voting.

Pursuant to Section 197 of the Companies Act, 2013 and Regulation 17(6) of the Securities and Exchange Board

of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, the aforesaid consultancy fees paid/ to be paid to Mr. N.Vijayaraghavan is subject to approval of the Shareholder in general meeting. Hence, the Board commends the Special Resolution set out at Item No. 6 of this Notice for approval by the shareholders.

Save and expect Mr. N. Vijayaraghavan and his relatives, to the extent of their shareholding interest, if any in the Company, none of the Directors /Key Managerial Personnel of the Company / their relatives are, in any way concerned or interested, financially or otherwise the resolution set out in Item No. 6 of this Notice.

**Item No. 7:**

Pursuant to Section 20 and othe applicable provisions of the Companies Act, 2013 read with Rule 35 of the Companies (Incorporation) Rules, 2014, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or resident address or by such electronic means or other mode as may be prescribed.

Further, under proviso to Sub-Section (2) of Section 20 of the Companies Act, 2013, a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the

Company in its Annual General Meeting. Hence, the Board commends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

**By order of the Board**

**Satish Kumar Subudhi**

Company Secretary & Head-Legal

(ACS 12211)

Place : Hyderabad

Dated : 06<sup>th</sup> August, 2016

Registered Office:

CIN: L24219TG1986PLC016607

Plot No.12-A, "C"- Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills,Panjagutta,  
Hyderabad-500082, Telangana State, INDIA.

Ph.040-33605123

e-mail : investors@nagarjunaagrlichem.com

Website : www.nagarjunaagrlichem.com

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2016.

### Operating Results:

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

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Gross Turnover (including Other Income)	71,027	77,147	70,996	77,147
Profit before Interest and Depreciation (EBIDTA)	7,450	6,998	7,465	7,006
Finance Charges	3,703	3,492	3,703	3,492
Depreciation and Amortization	2,676	2,464	2,676	2,464
<b>Total Expenditure</b>	<b>69,956</b>	76,106	<b>69,910</b>	76,097
<b>Net Profit Before Tax (PBT)</b>	<b>1,071</b>	1,042	<b>1,086</b>	1,050
Add: Share of profit from Associate Company	92	75	-	-
Less: Provision for Tax	189	282	188	282
<b>Net Profit After Tax (PAT)</b>	<b>974</b>	835	<b>898</b>	768
Balance of Profit brought forward	11,827	11,484	11,691	11,415
Less: Depreciation on transition to schedule II of the Companies Act, 2013 (net of deferred tax)	-	304	-	304
Balance available for appropriation	12,801	12,015	12,589	11,879
Proposed Dividend on Equity Shares	156	156	156	156
Tax on Proposed Dividend	32	32	32	32
Surplus carried to Balance Sheet	12,613	11,827	12,401	11,691

### Dividend:

Your Board of Directors pleased to recommend a dividend of 0.10 paisa per equity shares of Re. 1/- each (i.e., 10% of the paid up Capital) for the financial year ended 31<sup>st</sup> March, 2016. If the dividend, as recommended above, is declared by the Members at the Annual General Meeting, the total outflow towards dividend on Equity Shares for the year would be ₹ 187.65 lakhs (including dividend distribution tax).

### Performance:

Your Company recorded (Consolidated) revenue of ₹ 710.27 crores during the year under review as against ₹ 771.47 crores achieved in the previous year, showing a decline of 7.93%. The EBIT and Cash profit (Consolidated) stood at ₹ 47.74 crores and ₹ 37.47 crores respectively during the year under review, compared to ₹ 45.34 Crores and ₹ 35.06 crores respectively in the previous year. Though a deficit

noted in top line by 7.93% for the year under review, an improvement of 17% recorded of bottom line consolidated as compared to the previous year, is satisfying. The decrease in the revenue is mainly attributable to deficit monsoon and serious drought conditions prevailed in the Country during the reporting period.

### Domestic & Export Markets:

The Country received a shortage in rainfall of around 14% to normal during the second quarter. However due to the large rain fall deficiency in almost 40% of India, seasonal rainfall over the Country as a whole ended as deficit by about 12% of Long Period Average (LPA). This deficit in monsoon is continuing for second year in a row mainly with the El-Nino effect. The World Meteorological Organization has described 2015 as one of the warmest year on record with strong El-Nino. South-West Monsoon was severally

affected resulting in a severe drought these regions. The North-East monsoon was excess in the East, resulting in floods in some States; but was deficit in South India. This aggravated the situation in South India, which is one of the largest consumers of Pesticides in the Country. Such adverse climatic conditions have severely affected the agrochemical usage, both in Kharif and Rabi crops resulting poor off-take of agrochemical products, inventory built up, depressed prices & margins and liquidity constraints in the market. The prevailing adverse conditions for back to back two years has negatively impacted the performance almost every Agrochemical Industry player in the Country. Your Company achieved domestic sales of ₹ 545 crores for the year under review, a net decrease by 9% to the previous year. This could be achieved with expanded market area and crops, product portfolio management, supply chain initiatives and production flexibility of Ethakota Formulation plant facilities. Your Company launched two new products in the domestic market, a new rice herbicide and, a nematicide during the year under review and is working on more products for introduction in the coming years.

The Exports were also not encouraging during the reporting period mainly due to lower prices of agricultural commodities, high inventory levels at distributor level in many Countries, strengthening of US dollar against most major currencies, variable weather patterns including a weak monsoon due to the ongoing El-Nino phenomenon. Globally, the planted areas of wheat and soybeans rose, while all other major crops including Maize and rice planting areas marginally declined; while cotton, oilseed, rape and sunflower areas suffered a greater fall in planted areas. Despite these adverse conditions, the Exports Division achieved a sales ₹ 146.49 corers in the year under review as compared to ₹ 148.36 corers in the previous year registering a downfall by a meager ~ 1.30 %. Although the Srikakulam technical plant is fully geared up, to meet the export demand, but for such negative global market factors which has taken a toll on the expected growth. However, your Company could maintain the performance because of the of various initiatives taken. Keeping in view the future growth prospects in Contract (toll) manufacturing activities, your Company has been maintaining continued amicable and better relationship with the contract manufacturing customers. This has helped the Company to restore the confidence and enabled it to get renewed orders from them.

In the direction of exploring newer business opportunities by way of direct marketing branded products in other geographies, your Company continue to focus on obtaining various product registrations in other Countries. It has also

successfully launched few of its own branded products in Countries like Myanmar and Zambia. Your Company is also in process of registering various branded products in other African Countries towards penetrating those markets.

#### **Plant Operations:**

Your Directors are pleased to inform that Srikakulam Unit has been honored with “Best Management Award” for the year 2015-16 by State Government of Andhra Pradesh on the ‘Labour Day’ i.e., on 01<sup>st</sup> May, 2016, in recognition of its efforts to maintain harmonious industrial relations and productive work environment. It’s a matter of pride that such honor is the second time in a row as the Company’s Ethakota formulation unit was honored with the same ‘Best Management Award’ for the previous year 2014-15.

The Srikakulam plant has achieved an annual production of 4160 MT as compared to 4545 MT in the previous year, recording a reduction in production by about 8% over previous year. The reason attributable for the shortfall in production is mainly due to slackening demand both in the domestic and export market in the wake of unfavorable monsoon conditions in India and lower demand in various Countries mainly Brazil, US and other Latam Countries. The plant lined up various intermediates for captive consumption, enabling it to be more competitive. Besides regular efforts for streamlining, debottlenecking and augmenting plant efficiencies and enhancing productivity, various initiatives taken for cost & energy savings and better capacity utilization are yielding results.

Ethakota formulation unit has been able to satisfactorily meet not only the domestic formulation market demand but also the demand from the newer and expanding export market. The unit achieved a production of 17,365 MT/ KL during the year under review, comparing to the previous year production of 19,258 MT/KL. Due to the low demand on account of the deficit monsoons, production has been low in both Kharif and Rabi seasons. As such, the Agrochemical Industry suffered with lesser market demand, huge inventory built-up and liquidity problems. However, the initiatives in the areas of production volume increase, quality control, automations, increased productivity, de-bottlenecking and better supply chain initiatives are continuously being taken to meet the enhanced market demand and effective / efficient customer services.

The working environment in both the units has been amicable led to maintaining cordial relationship with workers Unions and other Stakeholders. Your Company has been successful in renewing the periodic contracts with those Unions.

### Credit Rating

During the year under review, the Credit Analysis and Research Limited (CARE) has upgraded the ratings to the bank facilities of the Company, as follows:

- a. **Long-term Bank facilities:** revised from 'CARE BBB (Triple B)' to 'CARE BBB+ (Triple B Plus)'.
- b. **Short-term Bank facilities:** revised from 'CARE A3 (A Three)' to 'CARE A3+ (A Three Plus)'.

### Fire Insurance Claim:

The final assessment of the claim made with the Insurance Company in respect of damages occurred in the fire affected Block-5 of the Srikakulam plant is under process. Necessary Adjustment in the accounts and the financial impact, if any in respect of the above will be made on completion of final assessment. Your Company is optimistic that the Insurance Company will settle the claim.

### New Projects/Products:

In the direction focusing on technology and innovation, the Company's R & D Centre at Shadnagar, near Hyderabad has been equipped with the State of Art facilities, equipments and instruments. It has been strengthened in developing various cost effective processes for manufacture of Active Ingredients (AIs)/Technical and Intermediates for Herbicides, Insecticides and Fungicides. The Center has developed processes for Technicals for Export Customers for contract manufacturing at Srikakulam, and also for Indigenous markets. It continues efforts to develop new formulations, combination products and improving upon the efficiencies of existing processes for better productivity/cost effectiveness and has successfully developed processes for many such formulations, which are undergoing preliminary field trials.

Registration of the active ingredients and the final products is a major activity. This Department works on applying for registration in India as well as in Countries in Africa and SE Asia, to enable marketing of the products.

### Environment Protection:

The Company started a sustainability initiative with the aim of going green and minimizing our impact on the environment. The Company is committed to sustain and continually improve its Safety Standards / Practices and preservation of clean environment in the pursuit of being one of the safest and best agrochemical Manufacturing Company.

The Company has taken various initiatives for environmental protection and pollution prevention for sustainable development of the society and to reduce harm to the

environment. Towards this, Effluent Treatment Plant (ETP) at Ethakota Unit and the Zero Liquid Discharge (ZLD) facility at Srikakulam Unit have been operating satisfactorily. Steps and efforts are in place in the direction of demonstrating constantly improved environmental performance. All Units are operating with valid Consents and Authorization applicable to the Units and all the Returns/Reports are submitted on time.

Further, your Company continues to enjoy the certifications ISO: 9001:2008, ISO: 140001 and OHSAS: 18001 accredited for its proven standards covering in the areas of Quality, Environment, Safety and Health Management Systems respectively.

### Transfer of amount to Reserves:

The Company does not propose to transfer any amount to General Reserves for the financial year ended 31<sup>st</sup> March, 2016.

### Share Capital:

The paid up equity share capital of the Company as on 31<sup>st</sup> March, 2016 was ₹ 15.59 crores. There was no public issue, right issue, bonus issue or preferential issue, etc. made by the Company during the year under review. However under the "Nagarjuna Agrichem Ltd.- Employee Stock Option Scheme, 2015" your Company has granted an aggregate of 9,30,000 (Nine Lakhs Thirty Thousand) options for issuing the same number of equity shares of the Company, to the eligible employees under the said Scheme.

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company, as the provisions of the said Sections are not applicable.

### Employees Stock Option Scheme (ESOS)

Your Company implemented the "Nagarjuna Agrichem Ltd.- Employee Stock Option Scheme-2015" (hereinafter referred to as 'ESOS-2015'), in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (hereinafter referred to as 'SEBI (SBEB) Regulations, 2014') and as approved by the members of the Company at their 28<sup>th</sup> Annual General Meeting of the Company, as a measure to reward and retain the Key Managerial Personnel (KMP) and Senior Managerial Personnel (SMP), and to encourage them to increase their efforts to make the Company's business more successful. During the year under review, 9,30,000 (Nine Lakhs Thirty Thousand Only) stock options were granted to the eligible employees, out of the 11,50,000 options reserved under the

Scheme. Each Option would entitle the holders of the Option to apply for one equity share of the Company.

The Company has also received a certificate from the auditors of the Company that the Scheme has been implemented in accordance with the SEBI (SBEB), Regulations, 2014 and the resolutions passed by the Shareholders in this regard. The Certificate will be placed at this Annual General Meeting for the inspection by the members.

The necessary disclosures as required under the provisions of the Companies Act, 2013 and Regulation 14 of the SEBI (SBEB) Regulation, 2014 are set out herewith as **Annexure-I** forming part of this Director's Report.

#### **Material Changes and Commitments:**

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### **Subsidiary Companies and Consolidation of Financial Statements:**

Pursuant to the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, along with other applicable provisions of the Companies Act, 2013, and as per Accounting Standard (AS) 21, the Audited Consolidated Financial Statements for the year ended on 31<sup>st</sup> March, 2016 are provided in this Annual Report. The Company has prepared consolidated financial statements by incorporating the financial statements of its wholly owned subsidiaries M/s. LR Research Laboratories Private Limited and M/s. Nagarjuna Agrichem (Australia) Pty, Ltd (which are yet to commence their operations) with its financial statements on line by line basis. The investments of the Company in M/s. Nasense Labs Private Limited, an Associate Company, have been accounted for in these consolidated financial statements under the equity method in accordance with AS 23 – "Accounting for Investments in Associates".

The Audited Annual Accounts and related information of Subsidiaries and Associate as applicable will be made available upon request. The Statement required under Section 134 of the Companies Act, 2013 is attached as **Annexure - II** (Form AOC-1) to this Directors' Report.

No other Company has become/ceased to be subsidiary or joint venture or associate Company during the financial year. There has been no material change in the nature of the business of the aforesaid Subsidiaries and Associate. The

Company has no Subsidiary which can be considered as material within the meaning Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013, read with Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the following have been placed on the website of the Company [www.nagarjunaagrlichem.com](http://www.nagarjunaagrlichem.com):

- a) annual report of the Company, containing therein its standalone and the consolidated financial statements; and
- b) Annual accounts of each of the subsidiary Companies.

#### **Internal Financial Control Systems and their adequacy:**

The Company has in place adequate internal financial controls commensurate with the size and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedure in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company's internal audit systems are geared towards ensuring adequate internal controls commensurate with the size and needs of the business, with the objective of efficient conduct of operations through adherence to the Company's policies, identifying areas of improvement, evaluating the reliability of financial statements, ensuring compliances with applicable laws and Regulations and safeguarding of assets from unauthorized use.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by Management and the relevant Board and Committees, including the Audit Committee, the Board is of the opinion that the Company's

internal financial controls were adequate and effective during the financial year 2015-16.

### **Indian Accounting Standards - IFRS converge standards:**

The Ministry of Corporate Affairs vide its notification dated 16<sup>th</sup> February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, the Company will adopt Indian Accounting Standards with effect from 01<sup>st</sup> April, 2017 with the comparatives for the period ending 31<sup>st</sup> March, 2016. The implementation of Indian Accounting Standards (IAS) is a major change process for which the Company has set up a dedicated team and is providing desired resources for its completion within the time frame. The impact of the change on adoption of said IAS is being assessed.

### **Auditors:**

#### **a) Statutory Auditors:**

Pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with Rules made thereunder, the Shareholders in their 27<sup>th</sup> Annual General Meeting (AGM) of the Company held on 09<sup>th</sup> August, 2014 appointed M/s. M.Bhaskara Rao & Co., Chartered Accountants, Hyderabad (Firm Registration No. 000459S) as Statutory Auditors of the Company to hold office from the conclusion of the 27<sup>th</sup> AGM till the conclusion of the 30<sup>th</sup> AGM subject to ratification of their appointment by Members in every AGM.

M/s. M. Bhaskara Rao & Co., have confirmed their eligibility under Section 141 of the Companies Act, 2013 read with Rules framed thereunder for appointment as Auditors of the Company. As required under Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The members are requested to ratify the appointment of M/s.M.Bhaskara Rao & Co., Chartered Accountants as Statutory Auditors of the Company and fix their remuneration for the year 2015-16.

The notes on financial statements referred to in the Auditors Report are self explanatory and do not call for any further comments. The Auditors Report does not contain any qualification, reservations or adverse remarks or disclaimer.

#### **b) Internal Auditors:**

The Board of Directors of the Company have appointed M/s. Deloitte Touche Tohmatsu India Private Limited, Chartered Accountants, Hyderabad as Internal Auditors to conduct internal audit of the Company for the financial year ended 31<sup>st</sup> March, 2016 and their reports are reviewed by the Audit Committee from time to time.

#### **c) Cost Auditors:**

M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct cost audits relating to Insecticides (Technical Grade and Formulations), of the Company for the year ending 31<sup>st</sup> March, 2016. Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rules made thereunder, Members are requested to consider the ratification of the remuneration payable to M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad. The Company has duly filed the Cost Audit Reports for the financial year 2014-15 with the Ministry of Corporate Affairs.

#### **d) Secretarial Auditor and Secretarial Audit Report:**

As per the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Mr. K.V. Chalama Reddy, Practicing Company Secretary, to carry out secretarial audit in terms of the Companies Act, 2013 for the financial year 2015-16. The secretarial audit report issued by Mr. K. V. Chalama Reddy, Practicing Company Secretary in form MR-3 is enclosed to this report as **Annexure - III**. The report does not contain any qualification, reservation or adverse remark.

#### **Directors:**

As on the date of this report, Company's Board comprises of 8 (Eight) Directors, out of which, 4 (Four) are Non-Executive Non- Independent Directors (NEDs) including 1 (One) Woman Director. Further, among the remaining Directors, 3 (three) are Non-Executive Independent Directors and 1 (one) among them is an Executive Director.

#### **a) Director(s) to retire by rotation:**

In accordance with the provisions of Section 152 of the Companies Act, 2013, and Articles of Association of the Company, Mr. K.S.Raju, Director of the Company, retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

**b) Changes in Directorship:**

During the year, Mr. K.S.Raju has stepped down from the Chairmanship position of the Board, and continues as a Director on the Board of the Company. Consequent to the above, Mr. D.Ranga Raju appointed as Chairman of the Board with effect from 06<sup>th</sup> February, 2016. Further, Mr.N.Vijayaraghavan, has renounced from Independent Directorship position with effect from 06<sup>th</sup> February, 2016, however continuing as a Non-Executive Non-Independent Director on the Board.

**c) Independent Directors:**

In terms of Sections 149, 152 read with Schedules IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Independent Director can hold office for a term of up to five (5) consecutive years on the Board of Directors and will not be liable to retire by rotation.

All the Independent Directors have given declaration that they meet the criteria of independence laid down under Section 149 (6) of the Companies Act, 2013 read with Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**d) Evaluation of performance of the Board of Directors:**

Pursuant to the provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the evaluation of its own performance and Committees of the Board, the performances of Directors individually, the Executive Director, the Chairman of the Board etc. Various parameters as recommended in the guidance note issued by the Institute of Company Secretaries of India, were considered for evaluation and after receiving the inputs from the Directors, the performance evaluation exercise was carried out. The parameters include integrity, credibility, expertise and trustworthiness of Directors, Board's monitoring of various compliances, laying down and effective implementation of various policies, level of engagement and contribution of the Directors, safeguarding the interest of all stakeholders etc.

The performance evaluation of the Board as a whole was carried out by the Independent Directors. The performance evaluation of each Independent Director was carried out by the Board. The Directors expressed their satisfaction with the evaluation process.

**e) Familiarization Programme for the Independent Directors:**

In compliance with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company has put in place a familiarisation programme for the Independent Directors to familiarise them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The same is available on the website of the Company i.e., [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com).

Through the Familiarization programme, the Company apprise the Independent Directors about the business model, corporate strategy, business plans and operations of the Company. These Directors are also informed about the financial performance, annual budgets, internal control system, statutory compliances etc. They are also familiarized with Company's vision, core values, ethics and corporate governance practices.

At the time of appointment of Independent Director, a formal letter of appointment is given to him, which explains his role, responsibility and rights in the Company.

**Criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel**

Your Company has laid down well-defined criteria for the selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel.

**Criteria for making payment to Non-Executive Directors of the Company.**

Your Company has laid down well-defined criteria for making payment to Non-Executive Directors of the Company. The details of the same are available at the Company's website at [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com).

**Directors' Responsibility Statement:**

Pursuant to Section 134 (3)(c) and 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) 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 31<sup>st</sup> March, 2016 and of the Profit/Loss of the Company for the year ended on that date.

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **Transfer of Un-claimed Dividend:**

Pursuant to Section 124 and other applicable provisions of the Companies Act, 2013 as amended from time to time, the following un-claimed dividends were transferred to the Investors Education and Protection Fund during the year under review:

- a) Unclaimed dividend amount of ₹ 6,00,617/- (Rupees Six Lakhs Six Hundred and Seventeen Only) pertaining to the final dividend for the year 2007-08;
- b) Unclaimed dividend amount of ₹ 4,74,747/- (Rupees Four Lakh Seventy Four Thousand Seven Hundred and Forty Seven Only), pertaining to the first interim dividend paid during the year 2008-09;
- c) Unclaimed dividend amount of ₹ 5,21,061/- (Rupees Five Lakhs Twenty One Thousand and Sixty One Only), pertaining to the second interim dividend during the year 2008-09.

#### **Corporate Social Responsibility:**

Pursuant to Section 135 and Schedule VII of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility) Rules, 2014, the Board has constituted the Corporate Social Responsibility (CSR) Committee comprising of Mr. D. Ranga Raju, Chairman, Mr. Sudhakar Kudva, Mr. V. Vijay Shankar and Mr. N. Vijayaraghavan, members of the Committee. A detailed CSR Policy has also

been framed which is placed on the Company's website. During the year under review the Company does not fall under the criteria of implementing CSR, as defined under Section 135 of the Companies Act, 2013.

Even though, not falling under the criteria for mandating CSR, your Company does a lot of CSR activity in Srikakulam and Ethakota where the Company's factories are situated. Such activities includes ongoing drinking water supplies to villages and maintenance of the Company installed RO plants in the neighboring villages, contribution to Vidhya Volunteer Scheme and Mythri Police, street lightning and borewell maintenance, development of school facilities, community centers and bus shelters in the surrounding villages of the factories, providing medical services and vocational courses and conducting various medical camps, etc.

#### **Change in the nature of business:**

There is no change in the nature of business of the Company.

#### **Significant and Material Orders passed by the Regulators or Courts.**

During the year the Company has not received any significant and material orders passed from Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

#### **Particulars of Loans, Guarantees or Investments under Section 186:**

The details of Loans, Guarantees and Investments made during the financial year ended 31<sup>st</sup> March, 2015 in compliance with the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules, 2014 have been disclosed in the financial statements forming part of this Annual Report.

#### **Extract of Annual Return:**

The Extracts of the Annual Return in form MGT-9 as per the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure-IV** to this Directors Report.

#### **Number of Board Meetings:**

During the year under review, six (6) Board Meetings were held during the year under review. The details of the same are given in Corporate Governance Report which forms part of this Annual Report. The provisions of Companies Act, 2013 and the Listing Regulations were adhered to, while considering the time gap between two meetings.

### **Audit Committee:**

The Audit Committee comprising of Mr. D. Ranga Raju as the Chairman and Mr. Sudhakar Kudva, Mr. Raghuraman, Mr. Raghavender Mateti as the members. The details about Audit Committee including the brief description of its terms of reference are mentioned in the Corporate Governance Report.

### **Risk Management Policy:**

Pursuant to the provisions of Section 134, and other applicable provisions if any of the Companies Act, 2013, the Company constituted the Risk Management Committee and framed Risk Management Policy, which inter-alia covers implementation and monitoring of the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The details about Committee including the brief description of its terms of reference are given in the Corporate Governance Report. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

### **Meeting of Independent Directors:**

The details on the separate meeting of the Independent Directors are reported in the Report on Corporate Governance.

### **Related Party Transactions:**

All the related party transactions are entered into during the financial year were on arm's length basis and in the ordinary course of Company's business and are in compliance with the applicable provisions of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has not entered into any contract, arrangement or transactions with any related party which could be considered as material within the meaning of Regulation 23 of the Listing Regulations, 2015. Related Party Transactions under Accounting Standard-18 (AS-18) are disclosed in the notes to the financial statement.

There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel's etc. which may have potential conflict with the interest of the Company at large. Thus the disclosure in Form AOC-2 is not applicable. Necessary disclosures and the statement of all related party transactions is presented before the Audit Committee and the Board of Directors on a quarterly basis specifying the nature, value and terms and conditions of the transactions. All Related Party Transactions

are approved by the Audit Committee and omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are reviewed on a quarterly basis by the Audit Committee.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com). The details of the transactions with Related Parties are provided in the accompanying financial statements.

### **Vigil Mechanism/Whistle Blower Policy:**

The Company has implemented Whistle Blower Policy to deal with any fraud, irregularity or mismanagement in the Company. The policy enables any employee or Director to directly communicate to the Chairman of the Audit Committee to report any fraud, irregularity or mismanagement in the Company. The policy ensures strict confidentiality while dealing with concerns and also that no discrimination or victimization is meted out to any whistleblower. The Whistle Blower Policy as approved by the Board is uploaded on the Company's website [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com). During the year under review, your Company has not received any complaints under the said policy of the Company.

### **Nomination and Remuneration Policy:**

Pursuant to Section 178(3) of the Companies Act, 2013, the Company has adopted a policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualification, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details about Committee including the brief description of its terms of reference are given in the Corporate Governance Report.

### **Corporate Governance:**

In compliance with Regulation 34 read with Para C of Schedule V SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance has been included in this Annual Report together with the Auditor's certificate confirming compliance of the Corporate Governance as stipulated under the said Regulations.

All the Board members and the senior management personnel have affirmed compliance with the Companies "Code of Conduct for Board and Senior Management Personnel" for the financial year 2015-16.

A certificate signed by the Managing Director and Chief Financial Officer (CFO) certifying the financial statements and other matters as required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

#### **Management Discussion and Analysis Report:**

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of this Annual Report.

#### **Policy on Sexual Harassment:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a "Policy on Sexual Harassment of Associates" in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Policy aims to provide protection to employees at the workplace, and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, and framed with the objective of providing a safe working environment, where employees feel secure. There were no cases reported during the financial year 2015-16 under the said Policy.

#### **Brand Protections:**

Your Company has taken appropriate actions against counterfeits, fakes and other forms of unfair competitions / trade practices.

#### **Listing Fees:**

The Company has duly paid the listing fees for the year 2016-17 to the BSE Limited, the Stock Exchange where the equity shares of the Company are listed.

#### **Fixed Deposit:**

Your Company has not accepted any fixed deposits from the public during the year under review, and no such amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

#### **Industrial Relations:**

The industrial relations at the factories and head office continued to be cordial.

#### **Insurance:**

All the assets and insurable interests of your Company including inventories, buildings, plant and machinery, enactments are adequately insured.

#### **Particulars of Employees and Remuneration:**

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure –V** to this report.

#### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Disclosures required under the Section 134(3)(m) of the Companies Act, 2013 relating to conservation of energy, technology absorption and foreign exchange outgo and earning, in terms of Rule 8 of the Companies (Accounts) Rules, 2014, are set out in a separate statement attached hereto as **Annexure-VI** and forms part of this 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, various Government / Non-Government Departments, 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.

**For and on behalf of the Board**

**K.S.Raju**

Director

Place : Hyderabad

Dated : 06<sup>th</sup> August, 2016

**V.Vijay Shankar**

Managing Director

(DIN:00008177)

(DIN:00015366)

**ANNEXURE- I TO DIRECTORS REPORT****EMPLOYEE STOCK OPTION SCHEME (ESOS) DISCLOSURE**

[Pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]

**I. General Disclosures**

Disclosure under "Guidance note in Accounting for the employee share based payments" or any other applicable Accounting Standards (AS): For details please refer to notes to Standalone Financial Statements, forming part of this Annual Report 2015-16 which can be accessed through the web link: <http://www.nagarjunaagrchem.com/annual-reports.php>.

**II. Description of ESOS existed during the year:**

S. No.	Particulars	ESOS-2015
1.	Date of Shareholder's Approval	28 <sup>th</sup> September, 2015.
2.	Total Number of Options approved	11,50,000 (Eleven Lakhs fifty Thousand Only) options. The Option holder is eligible to receive one equity share of Re.1/- each for every Option granted.
3.	Vesting Requirements	There shall be a minimum period of one year between the grant of Options and vesting of Options. The vesting of Options spreads over a maximum period of five years after the aforesaid one year from the date of grant. The vested options can be exercised within two years from the date of vesting.
4.	The Pricing Formula	As decided by the Compensation Committee from time to time at the time of grant, subject to a minimum of face value of shares. The exercise price for the Options already granted is ₹ 8/- per Options.
5.	Maximum term of Options granted	5 years (to be counted after one year from the date of grant as aforesaid)
6.	Sources of Shares	Fresh issue of shares.
7.	Variation in terms of ESOS-2015	NIL
8.	Methods used for accounting of ESOS	Intrinsic Value
9.	The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed :	As the Options are not vested yet, the same is not applicable.

**III. Option Movement during the year:**

S. No.	Particulars	ESOS-2015
1.	No. of Options outstanding at the beginning of the year	Nil
2.	Options granted during the year	9,30,000
3.	Options forfeited/surrendered during the year	Nil
4.	Options lapsed during the year	Nil
5.	Options vested and exercisable during the year	Nil
6.	Options exercised during the year	Nil
7.	Total number of shares arising as a result of exercise of options	Nil
8.	Money realized by exercise of option (INR) if scheme is implemented directly by the Company.	Nil
9.	Loan repaid by the Trust during the year form exercise price received.	N.A
10.	Number of Options outstanding at the end of the year	9,30,000
11.	Number of Options exercisable at the end of the year	Nil

- IV. (i) Weighted average fair value of options granted during the year whose exercise price is less than market price: ₹ 13.38/-  
**Note:** The fair value has been calculated using the Black Scholes Option pricing model. For details of the same along with the assumptions used in the model, the Note No. 42 to the Standalone Financial Statements forming part of this Annual Report may be referred
- (ii) Weighted average exercise price of options granted during the year whose exercise price is less than market price: ₹ 8/-  
 (iii) The weighted average market price of options exercised during the year: **N.A**

**V. Employee wise details of option granted to:**

a) Senior management Personnel

Sl. No.	Name	Designation	No. of options granted
1.	Mr. Amit Taparua	Vice President – Procurement, IT & SCM	65000
2.	Mr. C. Varada Rajulu	Vice President-Manufacturing (SKLM Plant)	50000
3.	Mr. G.Jagannadha Rao	Executive Vice President - Exports	75000
4.	Mr.G. V. Suryanarayana	Sr.General Manager – Marketing & Sales	50000
5.	Mr. Harish Chandra Bijlwan	Vice President – Operations & Technology	50000
6.	Mr. J. Satyanarayana Das	Vice President-Manufacturing (Ethakota Plant)	50000
7.	Mr. K.Sudhakar	Sr.General Manager - Technical Services	50000
8.	Mr. Manikkam Natarajan	Executive Vice President – Marketing & Sales	75000
9.	Mr. Mukesh Garg*	General Manager – Marketing & Sales	40000
10.	Mr. M.Venkateswara Rao	Sr. General Manager – MPD	50000
11.	Mr. R. K. S. Prasad	Chief Financial Officer	75000
12.	Mr. Satish Kumar Subudhi*	Company Secretary & Head-Legal	40000
13.	Mr. S. Chandra Sekhar	Sr. Vice president-Corporate-HPD	50000
14.	Mr.Venkatesan Subbusamy	Sr.General Manager – Registration & Regulatory Affairs.	50000
15.	Mr. V. Vijay Shankar	Managing Director	100000
16.	Dr. B. B. Saha	Chief R&D Officer (Associate Company)	60000

\*The stock option granted does not exceeds 5% of the total stock option granted during the year 2015-16.

- b) The exercise price for all the aforesaid options granted is ₹ 8/- (Rupees Eight Only) per option.  
 c) Identified employees who were granted options in any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

**ANNEXURE- II TO DIRECTORS REPORT  
Form No. AOC-1**

**Statement containing salient features of the financial statement of Subsidiaries/  
Associate Companies/Joint ventures**

[Pursuant to first proviso Section 129(3) read with Rule 5 of the Companies (Accounts) Rules, 2014]

**Part “A”: Subsidiaries**

(₹ in Lakhs)

Sl. No	Particulars	Name of the Company	
		M/s. LR Research Laboratories Pvt.Ltd (wholly owned subsidiary)	M/s. Nagarjuna Agrichem (Australia)Pty. Ltd (overseas wholly owned subsidiary)
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.	N.A.	N.A.
2	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	AUD (AUD/INR= 50.7996)
3	Share capital	1.00	18.01
4	Reserves & Surplus	(0.40)	(23.90)

(₹ in Lakhs)

Sl. No	Particulars	Name of the Company	
		M/s. LR Research Laboratories Pvt.Ltd (wholly owned subsidiary)	M/s. Nagarjuna Agrichem (Australia)Pty. Ltd (overseas wholly owned subsidiary)
5	Total assets	7.91	-
6	Total Liabilities	7.91	-
7	Investments	-	-
8	Turnover	-	-
9	Profit/(Loss) before taxation	1.34	(16.22)
10	Provision for Taxation	0.49	-
11	Profit/(Loss) before taxation	0.85	(16.22)
12	Proposed Dividend	-	-
13	% of shareholding	100%	100%

**I. Name of the Subsidiaries which are yet to commence operations**

1. LR Research Laboratories Pvt. Ltd - (wholly owned subsidiary)
2. Nagarjuna Agrichem (Australia)Pty. Ltd - (overseas wholly owned subsidiary)

**II. Name of the Subsidiary which have been liquidated or sold during the year.**

1. No Subsidiary have been liquidated or sold during the year under review.

**Part “B”: Associates and Joint Ventures**

[Statement pursuant to Section 129(3) of the Companies Act, 2013

Relates to Associate Companies and Joint Ventures]

Sl. No	Name of the Associate	M/s. Nasense Labs Pvt. Ltd
1	Latest audited Balance Sheet date	31 <sup>st</sup> March, 2016
2	Shares of Associate held by the Company on the year end:	Equity shares @ ₹ 10/-
	i. Number of equity shares	49,36,052
	ii. Amount of investment in Associated/Joint venture	₹ 4,93,60,520/-
	iii. Extend of holding %	26%
3.	Description of how there is significant influence	“Significant influence” means a control of atleast 20% of the total share capital, or of business decisions under an agreement. Since the holding of the Company is more than 20% hence there is significant influence
4.	Reasons why the associate/joint venture is not consolidated	The investments in M/s. Nasense Labs Pvt. Ltd, have been accounted in the consolidated financial statements under the equity method in accordance with AS 23 – “Accounting for Investments in Associates”
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 7,46,81,475/-
6.	Profit/Loss for the year	₹ 3,74,36,565/-
	i. Considered in consolidation	₹ 3,74,36,565/- (26% amounts to ₹ 91,35,370/-)
	ii. Not considered in consolidation	-
7	Names of associates or joint ventures which are yet to commence operations	Nil
8	Name of associates or joint venture which have been liquidated or sold during the year.	Nil

## ANNEXURE- III TO DIRECTORS REPORT

## Form No. MR-3 SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31<sup>st</sup> March, 2016

[Pursuant to sec. 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and remuneration of Managerial Personnel) Rules, 2014]

**To**

The Members,

**Nagarjuna Agrichem Limited**

Hyderabad.

1. I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by **Nagarjuna Agrichem Limited** (hereinafter called as "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my-opinion, the Company has during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 ("Audit Period") according to the provisions of :
  - i) The Companies Act, 2013 (the Act) and the Rules made there-under;
  - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there-under;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
  - iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not applicable during the audit period**
    - d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -**Not applicable during the audit period**
    - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; regarding the Companies Act and dealing with client;
    - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -**Not applicable during the audit period**
    - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -**Not applicable during the audit period**
    - h) The Securities and Exchange Board of India ( Share Based Employee Benefits ) Regulations, 2014;
    - i) The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015.
  - vi) The Company is into business of manufacture and sale of Agro Chemicals. Accordingly, the following major industry specific Acts and Rules, which are inter-alia, applicable to the Company, in view of the Management:

- a) The Insecticides Act, 1968 and Rules made thereunder.
  - b) The Boiler Act, 1923 and Rules made thereunder.
- vii) I, have also examined compliance with the applicable clauses of the following:
- a. The Listing Agreement entered into by the Company with stock exchange.
  - b. Secretarial Standards issued by the institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of Acts, Rules, Regulations, and Guidelines etc., mentioned above.

#### 4. I, further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
  - b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
5. I further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, Rules, Regulations and guidelines.
6. I further report that the shareholders of the Company at their Annual General Meeting held on 28th September, 2015 have approved the "Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015" pursuant to Section 62(1)(b) and other applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The scheme reserves 11,50,000 (Eleven Lakhs Fifty Thousand Only) options, entitling the holder of each option to apply for one of equity shares of the Company of face value of ₹ 1/- each.

There were no other major events which had bearing on the Company's affairs in pursuance of the above referred laws, Rules, Regulations, guidelines etc.,

**K.V.Chalama Reddy**

Company Secretary

Place : Hyderabad

Date : 06<sup>th</sup> August, 2016

M. No: 13951, C.P No: 5451

*This report is to be read with my letter of even date annexed as Annexure 'A' and forms an integral part of this Report*

#### **'Annexure A'**

To,  
The Members  
**Nagarjuna Agrichem Limited**  
Hyderabad

My report on the even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**K.V.Chalama Reddy**

Company Secretary

Place : Hyderabad

Date : 06<sup>th</sup> August, 2016

M. No: 13951, C.P No: 5451

**ANNEXURE- IV TO DIRECTORS REPORT****FORM No. MGT-9**

Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L24219TG1986PLC016607
ii.	Registration Date	11/11/1986
iii.	Name of the Company	Nagarjuna Agrichem Limited
iv.	Category / Sub-Category of the Company	Company Limited by Shares
v.	Address of the registered office and contact details	Plot No. 12-A, No. 8-2-248/1/7/78, "C" Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad – 500082, Telangana, India. Ph. No. 040-33602153, Fax:040-23350234 Email: <a href="mailto:info@nagarjunaagrichem.com">info@nagarjunaagrichem.com</a> Website: <a href="http://www.nagarjunaagrichem.com">www.nagarjunaagrichem.com</a>
vi.	Whether listed Company	Yes, BSE Limited (Bombay Stock Exchange)
vii.	Stock Code	524709
viii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. XL Softech Systems Limited, (Unit: Nagarjuna Agrichem Limited) No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, TS Telephone No: 040-23545913 /914/915; Fax No.040-23553214, e-mail ID:xlfield@gmail.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Agri inputs	3808	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	KLR Products Limited	U24239TG2003PLC041387	Holding	72.88%	2(46)
2.	LR Research Laboratories Private Limited	U73100TG2011PTC076023	Subsidiary	100%	2(87)
3.	Nagarjuna Agrichem (Australia) Pty. Ltd	Foreign Company	Subsidiary	100%	N.A
4.	Nasense Labs Pvt. Ltd	U24231TG1995PTC019809	Associate	26%	2(6)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individual/HUF	3,018,360		3,018,360	1.93	3,018,360		3,018,360	1.93	
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	113,623,500		113,623,500	72.88	113,623,500		113,623,500	72.88	
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any Other....	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (1)</b>	<b>116,641,860</b>		<b>116,641,860</b>	<b>74.81</b>	<b>116,641,860</b>		<b>116,641,860</b>	<b>74.81</b>	
<b>(2)</b>	<b>Foreign</b>									
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other – Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks/ FI	-	-	-	-	-	-	-	-	-
e)	Any Other....	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2)</b>									
	<b>Total Shareholding of Promoter (A)=(A) (1)+(A) (2)</b>	<b>116641860</b>		<b>116641860</b>	<b>74.81</b>	<b>116641860</b>		<b>116641860</b>	<b>74.81</b>	
<b>B.</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks/FI	-	-	-	-	-	-	-	-	-
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt.	-	-	-	-	-	-	-	-	-
e)	Venture Capital	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FII's	-	-	-	-	-	-	-	-	-

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (Foreign Portfolio Investor)	-	-	-	-	1622749	-	1622749	1.04	-
	<b>Sub-Total ( B ) (1)</b>	-	-	-	-	<b>1622749</b>	-	<b>1622749</b>	<b>1.04</b>	-
(2)	<b>Non-Institutions</b>									
a)	<b>Bodies Corporates</b>									
i)	Indian	6546984	68603	6615587	4.24	7083925	68603	7152528	4.59	0.21
ii)	Overseas									
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 2lakh	8226385	4738756	12965141	8.32	10744913	5060655	15805568	10.14	1.82
ii)	Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	18196499	744325	18940824	12.15	13712209	230716	13942925	8.94	-3.21
c)	Others (specify)	207508	0	207508	0.13	222508	0	222508	0.14	0.01
	Directors relatives	21996	0	21996	0.014	29996	0	29996	0.02	0.006
	Non-Resident Indians	423217	24285	447502	0.29	476472	0	476472	0.31	0.02
	Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
	Foreign Nationals	0	0	0	0	0	0	0	0	0
	Clearing Members	71090	0	71090	0.05	16902	0	16902	0.01	-0.04
	Trusts							0		0
	<b>Sub-Total ( B ) ( 2 )</b>	<b>33693679</b>	<b>5575969</b>	<b>39269648</b>	<b>25.194</b>	<b>33909674</b>	<b>5359974</b>	<b>39269648</b>	<b>25.19</b>	<b>-1.184</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)92)</b>	<b>33693679</b>	<b>5575969</b>	<b>39269648</b>	<b>25.194</b>	<b>33909674</b>	<b>5359974</b>	<b>39269648</b>	<b>25.19</b>	<b>-1.184</b>
C.	Shares held by custodian for DGRs & ADRs	0	0	0	0	0	0	0	0	0
	<b>Grand Total (A+B+C)</b>	<b>150335539</b>	<b>5575969</b>	<b>155911508</b>	<b>100</b>	<b>150551534</b>	<b>5359974</b>	<b>155911508</b>	<b>100</b>	<b>0</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	KLR Products Limited	113623500	72.88	0	113623500	72.88	0	0
2	K.Lakshmi Raju	3018360	1.93	0	3018360	1.93	0	0
	<b>Total</b>	116641860	74.81	0	74.81	74.81	0	0

## iii) Change in Promoters Shareholding (Please specify, if there is no change) : No Change

Sl. No	Name of the Promoters	Shareholding of the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	116641860	74.81	116641860	74.81
	Date wise increase / decrease in promoters share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus sweat equity etc.)	NIL			
	<b>At the end of the year</b>	-	-	<b>116641860</b>	<b>74.81</b>

## iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and holders of GDR's and ADR's)

Sl. No	For each of the top 10 shareholders	Shareholding of the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mitesh N Mehta	2258000	1.44	2580400	1.66
2	NACL Unclaimed Suspense Account	1742678	1.12	1734608	1.11
3	Ares Diversified	0	0.00	1622749	1.04
4	Savera Cityscapes Private Limited	1257441	0.80	1257441	0.80
5	Pinky Ventures Private Limited	986300	0.63	986300	0.63
6	Hitesh Satishchandra Doshi	874285	0.56	849285	0.54
7	Narendra Kumar K Mehta	898000	0.57	720000	0.46
8	Rakesh Bhasin	559348	0.35	559348	0.35
9	Pankaj Jawaharlal Razdan	546428	0.35	546428	0.35
10	Tapan Kumar Dey	368000	0.23	442889	0.28
11	Jayaesh N Parekh	437580	0.29	437580	0.29

## v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For each of the top 10 shareholders	Shareholding of the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>Mr.V.Vijay Shankar (Managing Director)</b>				
	At the beginning of the year	6981	0.004	6981	0.004
	Acquired during the year 2015-16	-	-	7000	0.005
	<b>At the end of the year</b>	-	-	<b>13981</b>	<b>0.009</b>
2	<b>Mrs.K.Lakshmi Raju (Director)</b>				
	<b>At the beginning of the year</b>	3018360	1.93	3018360	1.93
	Date wise increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL			
	<b>At the end of the year</b>	-	-	<b>3018360</b>	<b>1.93</b>
3	<b>Mr.Satish Kumar Subudhi (Company Secretary)</b>				
	At the beginning of the year	187508	0.12	187508	0.12
	Date wise increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL			
	<b>At the end of the year</b>	-	-	<b>187508</b>	<b>0.12</b>

## VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (₹ in crores)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	239.31	50.50	-	289.50
ii) Interest due but not paid	0.49	-	-	0.49
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>239.80</b>	<b>50.50</b>	<b>-</b>	<b>290.30</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	83.00		-	83.00
Reduction	34.92	12.50	-	47.42
Net Change	48.08	12.50	-	35.58
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	287.88	38.00	-	325.08
ii) Interest due but not paid	0.51	-	-	0.51
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>288.39</b>	<b>38.00</b>	<b>-</b>	<b>326.39</b>

**VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**(A) Remuneration of Managing Director, Wholetime Director and/or manager for the financial year 2015-16:**

(Amount in ₹ )

Sl. No.	Particulars of Remuneration	Mr. V. Vijay Shankar (Managing Director)
1	Gross Salary:	
	(a) Salary as per provisions contained in sec.17(1) of the I.T. Act, 1961	7205400
	(b) Value of perquisites u/s 17(2) of I.T. Act, 1961	52241
	(c) Profit in lieu of salary u/a 17(3) of I.T. Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others, please specify (contribution to provident fund)	403200
	<b>Total (A)</b>	<b>7660841</b>
	Ceiling as per the act	<b>12000000</b>

**(B) REMUNERATION TO OTHER DIRECTORS :**

(Amount in ₹ )

Sl. No	Particulars of Remuneration	Name of the Directors			
1	Independent Non-Executive Directors	<b>Mr.D.Ranga Raju</b>	<b>Mr.Raghuraman</b>	<b>Mr.Raghavender Mateti</b>	
	Fee for attending Board/Committee Meetings	135000	195000	195000	
	Commission	0	0	0	
	Others (please specify)	0	0	0	
	<b>Total</b>	<b>135000</b>	<b>195000</b>	<b>195000</b>	
	<b>Total (1)</b>			<b>525000</b>	
2	Other Non-Executive Directors	<b>Mr.K.S.Raju</b>	<b>Mrs.K.Lakshmi Raju</b>	<b>Mr.Sudhakar Kudva</b>	<b>Mr.N.Vijaya raghavan</b>
	Fee for attending Board/Committee Meetings	110000	15000	120000	85000
	Commission	0	0	0	0
	Others (Professional consultancy fee for the period from 07 <sup>th</sup> February, 2016 to 31 <sup>st</sup> March, 2016)	0	0	0	400000
	<b>Total</b>	<b>110000</b>	<b>15000</b>	<b>120000</b>	<b>485000</b>
	<b>Total (2)</b>				<b>330000</b>
	<b>Total (B)=(1+2)</b>				<b>855000</b>
3	Total Managerial Remuneration (A)+(B)				<b>7660841</b>
	Over all Ceiling as per the Act				<b>12000000</b>

**Note:**

1. During the year 2015-16 the Company has paid only sitting fees to the Non-Executive Directors.
2. Mr. N. Vijayaraghan, has renounced his Independent Directorship w.e.f 06.2.2016.
3. The professional consultancy fees is being paid in professional capacity, hence shall not be included in managerial remuneration

**(C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
		Mr.R.K.S.Prasad	Mr. Satish Kumar Subudhi	
1	<b>Gross Salary:</b>			
	(a) Salary as per provisions contained in sec.17(1) of the Income Tax Act, 1961	4699836	1897364	6597200
	(b) Value of perquisites under sec.17(2) of the Income Tax Act, 1961	103843	2750	106593
	(c) Profits in lieu of Salary under sec.17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify (Contribution to Provident Fund)	233376	106284	339660
	<b>Total (C)</b>	<b>5037055</b>	<b>2006398</b>	<b>7043453</b>

**VIII. PENALTIES/ PUNISHMENT/COMPUNDING OFFENCES:**

Type	Section of the Companies Act, 2013	Details of penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
<b>A</b>	<b>Company:</b>	NIL		
	Penalty			
	Punishment			
	Compounding			
<b>B</b>	<b>Directors</b>			
	Penalty			
	Punishment			
	Compounding			
<b>C</b>	<b>Other officers in default</b>			
	Penalty			
	Punishment			
	Compounding			

## ANNEXURE – V TO DIRECTORS REPORT

The disclosure of remuneration during the year 2015-16 pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014:

1. Ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year 2015-16 and the Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any in the financial year.

Sl. No.	Directors and Key Managerial Personnel	Remuneration (Amount in ₹ Lakhs)	Ratio to median remuneration	% increase in remuneration in the financial year
1.	Mr. K. S. Raju, Non-Executive Director	1.10	0.44:1	57.00%
2.	Mrs. K. Lakshmi Raju, Non-Executive Director	0.15	0.06:1	50.00%
3.	Mr. D. Ranga Raju, Independent Director	1.35	0.54:1	68.75%
4.	Mr.Sudhakar Kudva, Non-Executive Director	1.20	0.48:1	20.00%
5.	Mr.K.Raghuraman, Independent Director	1.95	0.78:1	116.66%
6.	Mr. Raghavender Mateti, Independent Director	1.95	0.78:1	116.66%
7.	Mr.N.Vijayaraghavan, Non-Executive Director	0.85	0.34:1	70.00%
8.	Mr. V.Vijay Shankar, Managing Director,	76.60	30.71:1	3.43%
9.	Mr.R.K.S.Prasad, Chief Financial Officer	50.37	N.A	18.46%
10.	Mr.Satish Kumar Subudhi, Company Secretary & Head-Legal	20.06	N.A	12.88%

**Notes:**

- a) During the year under review, the sitting fees for attending meetings of the Board, Audit Committee and Nomination and Remuneration Committee of Non-Executive Directors was increased from ₹10000/- (Rupees Ten Thousand Only) to ₹ 15,000/- (Rupees Fifteen Thousand Only) with effect from 07<sup>th</sup> August, 2015.
- b) Employees for the purpose above include all employees excluding employees governed under collective bargaining.
2. The Percentage increase in the median remuneration of employees in the financial year: 11.93%
3. The number of permanent employees on the rolls of the Company:1142
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year 2015-16, and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- Average percentage increase made in the salaries of employee other than the managerial personnel in the financial year 2015-16 is 13.49% (i.e., 94th percentile) as compared with the percentage increase in the managerial remuneration of 8.83% (i.e., 10th percentile)
5. Statement under Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: \*
- (a) Names of top ten employees in terms of remuneration drawn during the financial year ended 31<sup>st</sup> March, 2016.

Name	Position	Remuneration	Qualification	Date of Joining	Age	Last Employment
V Vijay Shankar	Managing Director	7,660,841	FCA	21.04.2011	59	Chambal Fertilizers and Chemicals Limited
Manikkam Natarajan	Executive Vice President - Mark & Sales	6,050,868	B.Sc-Agri, PGDM-IIM(A)	14.04.2009	52	Adayana Learning Solutions Pvt Ltd, Hyderabad
C Varada Rajulu	Vice President - Manufacturing	5,579,160	B.E, PGDIM	16.07.2014	58	Jubilant Life Sciences Ltd, UP
Harish Chandra Bijlwan	Vice President-- Operations & Technology	5,334,046	B Tech	29.04.2009	49	Dr Reddy's Laboratories Ltd. Hyderabad
R K S Prasad	CFO & Executive Vice President - Finance	5,037,055	FCA	29.01.2009	55	NSL Power Pvt Ltd., Hyderabad

Name	Position	Remuneration	Qualification	Date of Joining	Age	Last Employment
S Chandra Sekhar	Sr Vice President - HPD	4,817,712	PGDPMIR & LW, BGL	02.03.2009	58	Nuziveedu Seeds Pvt Ltd, Hyderabad
Amit Taparia	Vice President - Procurement, SCM & IT	4,675,618	B.E MBA	05.01.2009	45	Sudarshan Chemical Industries Ltd, Pune
Gantasala Jagannadha Rao	Executive Vice President	4,642,512	B.Sc - Agri, MBA, EPG & Strategic Management, IIM, Kozikhode	18.06.2009	56	Premier Technologies., Inc, USA
J Satyanarayana Das	Vice President - Manufacturing	4,021,750	B.E	19.11.2009	60	Freelance Consultant, Project Management Consultant, India
G V Suryanarayana	Senior General Manager - M&S	3,539,259	M.Sc - Agri	01.07.2002	47	Nagarjuna Fertilizers and Chemicals Limited, Hyderabad

**Note:**

- i) Gross remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives, monetary value of perquisites, Company's contribution to provident fund and superannuation fund. In addition to the above, employees are also entitled to gratuity, medical benefits etc. in accordance with Company's Rules.
  - ii) None of the above employee, along with the spouse and dependent children holds more than 2% of the equity shares of the Company.
  - iii) All employees are permanent employee of the Company.
- (b) Employed throughout the financial year and in receipt of remuneration aggregating One Crore and Two Lakhs Rupees per financial year: **Nil**
- (c) Employed for part of the financial year and in receipt of remuneration aggregating Eight Lakhs and Fifty Thousand Rupees per month or more: **Nil**

**6. Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees, adopted by the Company.

**ANNEXURE –VI TO DIRECTORS REPORT****The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

[Pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014]

**A. CONSERVATION OF ENERGY:****1. Steps taken or impact on conservation of energy:**

- a) General lightning system brought under the photo sensor and timer control.
- b) Normal HPMV and HPSV lamps replaced with LED lamps inside plant.
- c) Cooling water pumps are provided with VFD's to reduce the power consumption.
- d) Thermal Insulation improved to reduce losses due to atmosphere contact.
- e) Chilled brine pipelines modified and reduce losses due to atmosphere contact.
- f) In-efficient motors identified and some replaced with IE3 motors.

**2. Steps taken by the Company for utilizing alternate source of energy:**

- a) Evaluation the solar electric plant of 300KW for plant lightning system.

**3. The capital investment on energy conservation equipments:**

(₹ in lakhs)

Sl.No.	Area	Scheme	Investment
a)	Utility	VFD Installation (2 nos.)	5.0
b)	Electrical	LED Lights	4.5
c)	Electrical	Energy efficient motors (2 nos.)	2.3
d)	Production/ Utility	PRDS for steam distribution system.	25.0

**B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:**

1	The efforts made towards technology absorption	Increased size of R&D, Process development, purchase of new equipments and generation of process technical data for new products.	
2	The benefits derived like product improvement, cost reduction, product development or import substitution.	a) The plants operated effectively with the new addition of products. b) Exports started growing. c) Some products registered; cost reduction	
3	In case of imported technology (imported during the last three (3) years reckoned from the beginning of the financial year)	The Company has not imported any technology during the year	
	a) Details of Technology Imported	None	
	b) Year of Import	Not applicable	
	c) Whether the Technology has been fully absorbed	Not applicable	
	d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Not applicable	
<b>4</b>	<b>The expenditure incurred on Research &amp; Development</b>		
	a) Specific areas in which R&D carried out by the Company	(i) Indigenous process development for new products (ii) R&D work on the existing processes to make them environmentally friendly and cost effective.	
	b) Benefits delivered as a result of the above R&D	Increased export and domestic business and improved product quality.	
	c) Future plans of action	Introduction of new products through indigenously developed technology for domestic and export market.	
<b>5</b>	<b>Expenditure on R&amp;D for the financial year</b>	<b>2015-16</b>	<b>2014-15</b>
	a) Capital	₹ 622.59 Lakhs	₹ 537.38 Lakhs
	b) Recurring	₹ 75.46 Lakhs	₹ 51.05 Lakhs
	c) Total expenditure as a percentage of total turnover	1.01%	0.79%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of the actual outflow.

1. Foreign Exchange Earned (FOB Value) : 14,209.00 (₹ in Lakhs)
2. Foreign Exchange Used : 15,073.00 (₹ in Lakhs)

**For and on behalf of the Board**

Place : Hyderabad  
Dated : 06<sup>th</sup> August, 2016

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

# Management Discussion and Analysis Report

The Discussion is on the Agrochemical Business as it constitutes the main part of the revenues of the Company.

## Global Economic Scenario:

The global economic activity remained subdued for the year under review. Growth in emerging market and developing economies, accounting for over 70% of global growth, declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Global growth stood at 2.4% in 2015, slowing from 2014 when it was at 2.6%. Futures markets are currently suggesting only modest increases in prices in 2016 and 2017. Prices of other commodities, especially metals, have fallen as well. (Source: IMF World Economic Outlook update).

Risks to the global outlook remain tilted to the downside and relate to ongoing adjustments in the global economy: a generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States. South Asia was a notable exception, maintaining robust growth, even though it slowed from 6.1% to 5.1% in 2015. (Source: ADB Report - Asian Development Outlook – 2016)

According to International Monetary Fund (IMF), the Global growth is projected at 3.4% in 2016 and 3.6% in 2017. The pickup in global activity is projected to be more gradual in emerging market and developing economies. While, in advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps.

Growth in the demand for food grains owing to an increasing global population coupled with reducing per capita farm land due to surging urbanization and industrialization, have been dominant drivers of the global agrochemicals market. Moreover, growth of horticulture and floriculture, increasing farmer literacy coupled with increasing awareness pertaining to the use of pesticides in major crop-producing Countries, strengthened the global Agrochemicals market. The global Agrochemicals market is projected to reach US\$ 69 billion by 2019 with an estimated CAGR of 5.5% from 2014 to 2019. (Source: Crop Protection market report of Markets and Markets')

## Indian Economic Scenario:

The Indian economy maintained its growth trends posting a Gross Domestic Product (GDP) growth of 7.6% for FY 2016 compared to 7.2% the year before. (sources; economic times-economic indicators-India Growth). The steps taken by

the Government in recent times have shown positive results as India's GDP at factor cost at constant (2011-12) prices 2015-16 is ₹ 113.5 trillion (US\$ 1.668 trillion), as against ₹ 105.5 trillion (US\$ 1.55 trillion) in 2014-15, registering a growth rate of 7.6% (sources: ibef.org- Indian economy). Growth in the services industry remained moderate, and Industrial production remained weak, as did growth in sub-sectors like mining, construction and utilities. The year too proved to be a challenging one for Indian Agriculture with the adverse effect of El Nino resulting in scattered and uneven rains across the Country. As per 3<sup>rd</sup> Advanced Estimates, the total food grains production during 2015-16 is estimated at 252.23 million tonnes, marginally up by 0.21 million tonnes over the production in 2014-15. It is, however, much lower compared to the 2013-14 year's record production of 265.04 million tonnes. Agriculture and allied sectors' growth is estimated at 1.1% this fiscal, down from 4.2% in FY-2014. (sources: phdcci- Economic Affairs Committee Newsletter)

## Industry Overview:

India is currently the fourth-largest producer of agrochemicals, after United States, Japan and China, with a size of above ₹ 26,000 crores i.e USD ~3.89 billion (with almost 50% of the production being exported)-(Source: Agriculture Today- the National Agriculture Magazine). The Exports is largely driven by contract manufacturing and R&D for International Companies due skilled workforce.

India has one of the lowest per-hectare usage of agrochemicals in the world, mainly on account of low purchasing power, lack of awareness amongst the Indian farmers and their limited reach to the markets. The Government continues to give emphasis to Agriculture and has provided higher allocation in the Budget. The thrust areas identified as growth drivers are irrigation, soil health, pulses and crop insurance.

The Agrochemical sector, which has been growing at a CAGR of 8%, suffered severe reversals in recent years due to back to back droughts in the last two years. It is estimated that the domestic industry has registered a negative growth in 2015-16 compared to the previous year, with most southern States and Maharashtra severely affected. Area under Paddy has come down, whereas Cotton acreages reduced by 10% due to drought like situation in Maharashtra, Gujarat, accentuated by heavy attack of sucking pests like white flies in North India. This has led to a challenging business scenario with the industry carrying higher levels of inventories compared to the previous year. Further the usage of Bio-pesticides by the Indian farmer is starting to gain importance. This space

which currently represent 4.2% of the overall pesticide market in India, is growing rapidly and expected to reach an annual growth rate of about 10% in the coming years.

There is a consolidation happening amongst the Global players, viz Bayer's bid to acquire Monsanto and the acquisition of Syngenta and Adama by Chem-China. Many Japanese Companies have acquired Indian Companies over the past few years to have a presence in the Indian markets and also use them as a manufacturing base for their international market.

The growing and changing demand for Agrochemicals is compelling global players to widen their crop protection offerings and the market is witnessing acquisition of smaller Companies to diversify product portfolio. Further, to capitalize on the growth trend in the global crop protection market, several leading Companies are investing in the development and manufacturing of Agrochemicals.

#### **Outlook:**

Increasing demand of food grains & declining farmlands in India have increased pressure on farm yield improvement and reduction in crop losses due to pest attacks. With the various headwinds, the global Agrochemicals market is expected to demonstrate modest, yet steady growth. The Asia Pacific market has however evolved as a huge market for the crop protection and is expected to experience healthy growth rate in the near future.

The herbicides segment is projected to witness the highest growth, at a 6.1% CAGR. Various survey reports forecasts a CAGR of 5.4% for the global Agrochemicals market. The market, which was worth US\$48.0 billion in 2011, is anticipated to be worth US\$ 71.3 billion by 2018 (Sources: worldbank.org-Economic Report).

The Government's target for 2016-17 of 270.1 Million tonnes is 7% higher than the 252.23 mt of production estimated for 2015-16. As the Indian farmers look for better agronomic practices and solutions, your Company has geared up to seize these opportunity of providing these services. As Contract manufacturing is one the major growth areas, your Company is well placed in servicing this opportunity with its existing International Customers and its strong manufacturing and technical capability (Sources: Livemint.com - metric tons of food grains production).

#### **Opportunities:**

The main opportunities for your Company are in huge potentials in the domestic, export markets and contract manufacturing.

- India has 190 Mn hectares of gross cultivated area and the scope for bringing new areas under cultivation is severely limited. Available arable land per capita has been reducing and is expected to reduce further. The pressure is therefore to increase yield per hectare which can be achieved through increased usage of agrochemicals.
- Growing horticulture and floriculture industries will result in increasing demand for agrochemicals, especially fungicides.
- Per capita consumption of agro-chemicals in India being substantially lower than the western Countries and with increasing awareness, the trend of usage of Agrochemicals appears to be correcting.
- Leveraging use of information technology for improving yields and management of crops.
- The agriculture sector in India is expected to generate better momentum due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector's growth.
- Chinese agrochemical industry being continued to go through the phase of stricter and tightened pollution control norms, restricts its manufacturing facilities, thereby affecting the imports from China. It gives an opportunity for India to produce Active Ingredients (AIs) and to be competitive in global markets.
- Threats like genetically modified seeds, Integrated Pest Management, organic farming etc. can be turned into opportunities if the industry re-orient itself to better address the needs of its consumers and broadens its product offering to include a range of agri-inputs instead of only agrochemicals.

Keeping the above in view, your Company is gearing up to seize these opportunities and in this regard, it has emphasized focus in re-strategizing to improve productivity and capacity utilization in its plants, enlarging its product range, and to better leveraging its strength of large pan India dealer network / channel partners and brand value.

#### **Threats, Risks and Concerns:**

- Dependency on monsoons and vagaries of climate continues to be a major risk factor for agriculture and hence to Crop Protection;

- Rising sale of Spurious pesticides and spiked biopesticides pose major threats to industry growth.
- Concern on pesticides residues in the agricultural produce due to excessive and non judicious usage of pesticides by the farmers
- Poor response by the Governmental agencies / departments in controlling spurious pesticides and inadequate education to the farmers to consume the right quantities of pesticides
- Creation of perception that Pesticides is harmful by NGOs and Others is gaining momentum.
- Genetically modified seeds possess self-immunity towards natural adversaries which have the potential to negatively impact the business of agrochemicals.

#### Internal Control System:

The Company has proper and adequate systems of internal controls which ensure that all the assets are safeguarded and are structured to provide adequate support and controls for the business of the Company. The Company's internal audit systems are geared towards ensuring adequate Internal controls to meet the size and needs of business, for safeguarding the assets of the Company, evaluating reliability of financial and operational information, identifying weaknesses and areas of improvement and to meet with all compliances.

#### Financial Performance: (Consolidated)

For the year 2015-16, the total Income at ₹ 710.27 Crores reflecting a decline of 7.93% over the year. The interest cost at ₹ 37.03 Crores was 6.04% higher compared to previous year due to increase in working capital and additional loans. The financial performance of your Company during 2015-16 on major parameters was as under:

Parameters	2015-16	2014-15
EBIDTA (as % of net Sales)	10.49%	9.08%
Profit before depreciation & tax (as % of net sales)	5.28%	4.56%
Return on Capital Employed	12.66%	10.92%
Return on Net Worth	5.24%	4.69%
Earnings per share (FV Re.1/-)	0.62	0.54
Book value per share	11.91	11.40

Despite the adverse conditions, your Company's performance is showing growth in EBIT as well as Cash Profit during the reporting period. The EBIT and Cash Profit stood at ₹ 47.73 Crores and ₹ 37.47 Crores respectively compared to ₹ 45.33 Crores and ₹ 35.06 Crores last year reporting an increase in EBIT and Cash Profit of 5.11% and 6.87% respectively.

#### Industrial Relations and Human Resources Development:

The number of employees in the Company as on the 31st March, 2016 was 1142. 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 Statement in the Report of the Board of Directors and Management Discussion & Analysis Report describing the Company's projections, estimates, exceptions or prediction may be forward looking statement within meaning of applicable of Securities Laws and Regulations. Actual results could differ materially from those expressed implied since the Company's operations are influenced by many external and internal factors beyond the control of Company.

For and on behalf of the Board

**K.S.Raju**                      **V.Vijay Shankar**

Place : Hyderabad                      Director                      Managing Director

Dated : 06<sup>th</sup> August, 2016                      (DIN:00008177)                      (DIN:00015366)

# 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 31<sup>st</sup> March, 2016. The report is updated as on the date of the report wherever applicable.

### The Governance Structure:

The Company's Governance structure is based on the principles of freedom to the Executive Management within a given framework to ensure that the powers vested in the Executive Management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles the Company has framed three tiers of Corporate Governance structure viz.,

- 1) **The Board of Directors:** The primary role of the Board of Directors is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals and targets, policies, reporting mechanism and accountability, and decision making process to be followed.
- 2) **Committees of Directors:** Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, CSR Committee, Banking Committee, Risk Management Committee and Compensation Committee are focused on financial reporting audit and internal controls, investors grievances and related issues, appointment and remuneration of Directors and senior management employees, implementation and monitoring of CSR activities, bank related transactions including availment of loans/working capital limits/renewals of credit facilities and related bank transactions of the Company and the risk management framework.
- 3) **Executive Management:** The entire business including the support services are managed with clearly demarcated responsibilities and authorities at different levels.

## C. BOARD OF DIRECTORS:

### 1) Pecuniary Relationship:

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

### 2) Composition of the Board:

The present strength of the Board of Directors is eight (8).

The Company has a balanced and diverse composition of Board of Directors, which primarily takes care of the business needs and stakeholders interest.

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 composition of the Board also complies with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Details of the composition of the existing Board of Directors are given below:

- Composition of Board: The Company's Board of Directors presently comprises 8 (eight) Directors, of which one Director is a Executive Director (Managing Director) and balance seven are Non-Executive Directors of whom three are Independent Directors.
- Number of Board Meetings held during the year and the dates of the Board Meetings. During the year 2015-16, the Board met six (6) times on 14<sup>th</sup> April, 2015; 30<sup>th</sup> May, 2015; 07<sup>th</sup> August, 2015; 28<sup>th</sup> September, 2015; 07<sup>th</sup> November, 2015; 06<sup>th</sup> February, 2016.
- The maximum time gap between any two of the Board Meetings was not more than 120 (One Hundred and Twenty) days.
- Attendance of each Director at Board Meetings and the last Annual General Meeting:

Sl. No.	Name of the Director	Position of Director	Category of Directorship	Number of Board meeting	No. of Board Meeting attended	Attendance at the AGM held on 28 <sup>th</sup> September, 2015.
1)	Mr. K. S. Raju *	Director	Non-Executive, Non- Independent	6	6	Yes
2)	Mr. D. Ranga Raju#	Chairman	Non-Executive, Independent	6	3	No
3)	Mr. K. Raghuraman	Director	Non-Executive, Independent	6	5	Yes
4)	Mrs. K. Lakshmi Raju	Director	Non-Executive, Non-Independent	6	2	No
5)	Mr. Sudhakar Kudva	Director	Non-Executive, Non-Independent	6	4	Yes
6)	Mr. N. Vijayaraghavan@	Director	Non-Executive, Non-Independent	6	6	Yes
7)	Mr. Raghavender Mateti	Director	Non-Executive, Independent	6	5	Yes
8)	Mr. V. Vijay Shankar	Managing Director	Executive	6	6	Yes

\* Step down from the Chairmanship of the Board with effect from 06<sup>th</sup> February, 2016.

# Appointed as Chairman of the Board with effect from 06<sup>th</sup> February, 2016

@ Renouncement of Independent Directorship with effect from 06<sup>th</sup> February, 2016

As at the end of financial year 2016, the total Board strength comprises of the following:

Category of Directorship	No. of Directors
Non-Executive–Independent Directors (including Chairman)	3
Non-Executive-Non-Independent Directors	4
Executive Director – Managing Director	1
<b>Total Strength</b>	<b>8</b>

Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the Companies Act, 2013. All the Non-Executive Directors (except Independent Directors) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

None of the Directors on the Board is member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he / she is a Director as specified in Regulation 26 of the Securities and Exchange Board of India (Listing Obligating and Disclosure Requirement) Regulations, 2015. The necessary disclosures regarding Committee positions in other public Companies have been made by all the Directors. None of the Directors holds office in more than 20 Companies and in more than 10 public Companies. None to the Independent Directors of the Company are serving as an Independent Director in more than 7(seven) Listed Entities.

Number of other Board/Committees where each Director (being a Director of the Company as at the end of the financial year) is a Director/Chairman:

Sl. No.	Name of the Director	Number of Directorships in Other Public Companies.		Number of Committee* memberships held in other Public Companies	
		Chairman	Director	Chairman	Member
1)	Mr. K. S. Raju	2	5	2	4
2)	Mr. D. Ranga Raju	-	3	-	2
3)	Mrs. K. Lakshmi Raju	-	-	-	-
4)	Mr. Sudhakar Kudva	-	2	1	2
5)	Mr. N. Vijayaraghavan	-	-	-	-
6)	Mr. K. Raghuraman	-	9	4	6
7)	Mr. V. Vijay Shankar	-	-	-	-
8)	Mr. Raghavender Mateti	-	-	-	-

\* Board Committees include only Audit Committee and Stakeholders Relationship Committee.

#### D. INFORMATION TO THE BOARD:

During the year, the Board of Directors of the Company had been furnished with the following information (including, but not limited to the following) to enable the Directors to contribute in the decision making process along with the minimum information to be placed before the Board of the Director of the Company as per Regulation 17 (7) read with Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligating and Disclosure Requirement) Regulations, 2015.

- Quarterly Results of the Company.
- Annual operating plans, budgets, capital budgets, updates and all variances.
- Contracts in which Directors are deemed to be interested.
- Compliance of any regulatory and statutory nature or any listing requirements.
- Minutes of the meetings of the Board of Directors of the Subsidiary Companies.

#### E. COMMITTEES OF THE BOARD OF DIRECTORS:

The Board of Directors, has constituted the following Committees with appropriate delegation of powers:

##### 1) Stakeholders Relationship Committee (Shareholders and Investors' Grievance Committee):

Mr. K. S. Raju chairs the Stakeholder Relationship Committee meetings. The other members of the Committee are Mr. N. Vijayaraghavan, Mr. V. Vijay Shankar and Mr. Sudhakar Kudva. The quorum of the Committee is 2 members.

The terms of reference of Stakeholders Relationship Committee inter-alia includes to approve and monitor transfers, transmission, dematerialization/re-materialization 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.,

The Committee met fifteen (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 31<sup>st</sup> March, 2016 have been processed. The details of share transfers are reported to the Board of Directors.

Further, no penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years. The Company during the period year from 01<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016 received 26 complaints from the investors and the same were resolved and there were no balance investor's complaints pending/unresolved as on 31<sup>st</sup> March, 2016. The details of attendance of members of the Stakeholder Relationship Committee Meetings are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. K. S. Raju	Chairman	15	15
Mr. Sudhakar Kudva	Member	15	15
Mr. N. Vijayaraghavan*	Member	10	9
Mr. V. Vijay Shankar*	Member	10	10
Mr. D. Ranga Raju**	Member	5	-

\* Inducted as a member of the committee with effect from 07<sup>th</sup> August, 2015

\*\* Ceased to be a member of the committee with effect from 07<sup>th</sup> August, 2015

## 2) Audit Committee:

Mr. D. Ranga Raju chairs the Audit Committee Meetings. The other members of the Committee are Mr. K. Raghuraman, Mr. Sudhakar Kudva and Mr. Raghavender Mateti. The quorum of the Committee is 2 members.

The terms of reference of the Audit Committee are in accordance with Regulation 18 read with Part C of Schedule II of the Listing Regulations and inter-alia includes the following:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending to the Board, the appointment, remuneration and terms of appointment of the auditors of the Company.
- c) Approval of payment to Statutory Auditors for any other services rendered by them.
- d) Reviewing with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to :
  - i) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
  - iv) Significant adjustments made in the financial statements arising out of audit findings.
  - v) Compliance with listing and other legal requirements relating to financial statements.
  - vi) Disclosure of related party transactions.
  - viii) Modified opinion(s) in the draft audit report.
- e) Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing and monitoring the auditors independence, and performance and effectiveness of the audit report.
- g) Approval or any subsequent modification of transactions of the Company with related parties;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever it is necessary;
- j) Evaluation of internal financial controls and risk management systems;

- k) Reviewing with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- l) 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.
- m) Discussion with Internal Auditors any significant findings and follow up thereon.
- n) 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.
- o) 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.
- p) To review the functioning of the Whistle Blower mechanism.
- q) Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background, etc of the candidates.
- r) Carrying out any other function as is mentioned in the 'Terms of Reference' of the Audit Committee.

The Statutory Auditors, the Internal Auditors and Cost Auditors were present as invitees for the Meetings of the Audit Committee.

The Audit Committee mandatorily reviews the following information:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions, submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to the review of the Audit Committee.
- f) Statements of deviations:
  - i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - ii) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

The Audit Committee has met five (5) times during the period under review and the Meetings were held on 30<sup>th</sup> May, 2015, 07<sup>th</sup> August, 2015, 07<sup>th</sup> November, 2015, 06<sup>th</sup> February, 2016 and 19<sup>th</sup> March, 2016.

The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. D. Ranga Raju	Chairman	5	3
Mr. K. Raghuraman	Member	5	5
Mr. Sudhakar Kudva	Member	5	4
Mr. Raghavender Mateti	Member	5	5

### 3) Banking Committee:

Mr. K. S. Raju, chairs the Banking Committee meetings. Other members of the Committee are Mr. D. Ranga Raju, Mr. N. Vijayaraghavan and Mr. V. Vijay Shankar.

The quorum of the Committee is 2 members.

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

- a) To open new Accounts with any Bank and approve the list of persons authorised to operate such accounts and to make such changes as may be necessary from time to time.
- b) To approve availment of working capital facilities/credit facilities by the Company and creation of the charge on the assets of the Company thereto, 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.
- c) To approve the creation of charge/ mortgage by deposit of title deeds or otherwise on the assets of the Company for availing the aforesaid credit facilities from time to time.
- d) To sub-delegate to Managing Director or any other Director / Executives of the Company to execute various documents including but not limited to loan documents, charge documents etc. and to exercise any of the powers delegated by Board to this Committee and to do all such acts, deeds and things as may be necessary.
- e) To authorize to deal/open/operate/closures of various bank accounts of the Company /banking transactions and related matters.
- f) To authorise persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.

During the year the Committee met eleven (11) times. The details of attendance of members of the Banking Committee are as follows:

Name of the Member	Status	No. of Meetings	
		Held	Attended
Mr. K. S. Raju	Chairman	11	9
Mr. N. Vijayaraghavan	Member	11	11
Mr. V. Vijay Shankar	Member	11	9
Mr. Sudhakar Kudva*	Member	5	5
Mr. D. Ranga Raju**	Member	6	-

\* Inducted as a member of the committee with effect from 07<sup>th</sup> August, 2015

\*\* Ceased to be a member of the committee with effect from 07<sup>th</sup> August, 2015

#### 4) Nomination and Remuneration Committee:

Mr. D.Ranga Raju chaired the Nomination and Remuneration Committee meetings until he was appointed Chairman of the Board. The other members of Committee are Mr. K. Raghuraman and Mr. Raghavender Mateti, and Mr. K. S. Raju.

The quorum of the Committee is 2 members.

The functioning and terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 and other applicable provisions of Companies Act, 2013, Rules made thereunder and Regulation 19 read with Para A Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors.

The Company has adopted a remuneration policy, which is available on the Company's website. The remuneration of the Directors is approved by the Nomination and Remuneration Committee and the Board of Directors as per the Nomination and Remuneration Policy of the Company.

The terms of reference of the Nomination and Remuneration Committee inter-alia includes the following:

- a) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and shall carryout evaluation of every Director's performance.
- b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board of Directors a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- c) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

- d) Devising a policy on diversity of Board of Directors.
- e) Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time and take steps to refresh the composition of the Board from time to time.
- f) Evaluate and approve the appointment and remuneration of senior Executives, including the Key Managerial Personnel, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.
- g) Review and recommend to the Board the remuneration and commission to the Managing and Executive Directors and define the principles, guidelines and process for determining the payment of commission to Non-Executive Directors and Independent Directors of the Company.

The Nomination and Remuneration Committee had met three (3) time during the period under review and the meeting was held on 30<sup>th</sup> May, 2015; 7<sup>th</sup> August, 2015 and 06<sup>th</sup> February, 2016. The details of attendance of members of the Remuneration Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. D. Ranga Raju	Chairman	3	2
Mr. K. S. Raju	Member	3	2
Mr. K. Raghuraman	Member	3	3
Mr. Raghavender Mateti	Member	3	3

#### **Nomination and Remuneration Policy:**

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy areas under:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### **5) Corporate Social Responsibility (CSR) Committee:**

Mr. D. Ranga Raju, is the Chairman of the Corporate Social Responsibility Committee. The other members of the Committee are Mr. Sudhakar Kudva; Mr. V. Vijay Shankar and Mr. N. Vijayaraghavan.

The quorum of the CSR Committee is 2 members.

No meeting of the Committee was conducted during the financial year 2015-16, as the Company did not have any obligation to make any contribution to CSR activities during the year, owing to absence of profits computed in accordance with Section 198 and other applicable provisions of the Companies Act, 2013.

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

- (a) To formulate and recommend to the Board, a CSR Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013;
- (b) To oversee the implementation of those activities, monitor the implementation of the framework of the CSR Policy and also report to the Board from time to time. It shall be ensured that the Company's CSR programmes will be identified and implemented according to the Board's approved CSR policy;

- (c) The Committee shall monitor the implementation report from the Organizations receiving funds. In this regard, the Committee may delegate designated Company official(s) to co-ordinate with the Organization receiving funds to inspect the activities undertaken and ensure information in a timely manner;
- (d) To sub-delegate/empower the Managing Director or any of the Executives of the Company authorized by him to spend such amounts as they think appropriate for some other strategic CSR contingencies that may arise during any financial year. The amount so spent shall be put for ratification of the Committee at its next meeting and shall be reported to the Board accordingly.
- (e) To recommend the amount to be spent on the CSR activities.
- (f) To attend to such other matters and functions as may be prescribed from time to time.

#### 6) Risk Management Committee:

The Risk Management Committee constituted by the Board comprises of Mr. Sudhakar Kudva, Chairman, Mr. V. Vijay Shankar; Mr.N.Vijayaraghavan; Mr. R.K.S.Prasad and Mr. Harish Chandra Bijlwan are the members. The quorum of the Risk Management Committee is 2 members.

The Risk Management Committee met one (1) time during the period under review and the meeting was held on 30<sup>th</sup> May, 2015. The details of attendance of members of the Risk Management Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Sudhakar Kudva	Chairman	1	-
Mr. N. Vijayaraghavan	Member	1	1
Mr. V. Vijay Shankar	Member	1	1
Mr. R. K. S. Prasad	Member	1	1
Mr. Harish Chandra Bijlwan	Member	1	1

The functioning and terms of reference of the Risk Management Committee are in accordance with the provisions of Section 134(3)(n) and 177(4)(vii) and other applicable provisions of Companies Act, 2013 and Rules made thereunder. The Company has duly framed the Risk Management Policy and laid down procedures to inform the Board members about the identification of elements of risk and minimization procedures.

#### F. SEPARATE MEETING OF INDEPENDENT DIRECTORS:

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 07<sup>th</sup> August, 2015 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. D. Ranga Raju, Mr. N. Vijayaraghavan, Mr. K. Raghuraman and Mr. Raghavender Mateti attended the Meeting of Independent Directors.

As required by the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 the Independent Directors met and reviewed inter-alia,

- 1) the performance of Non-Independent Directors and the Board of Directors as a whole;
- 2) the performance of the Chairperson of the Company, taking into account the views of Executive, Non-Executive Directors, and
- 3) assessed the quality, quantity and timeliness of flow of information between the Company management that is necessary for the Board to effectively and reasonably perform their duties., and presented their observations to the Board of Directors.

#### G. 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.

- (a) The details of sitting fees paid to the Non-Executive Directors of the Company during the year from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016 are given below: (₹ in Lakhs)

Sl. No.	Name of the Director	Sitting fees paid for attending meetings of the Board of Directors/Committees of Directors
1	Mr. K. S. Raju	1.10
2.	Mr. D. Ranga Raju	1.35
3.	Mrs. K. Lakshmi Raju	0.15
4.	Mr. Sudhakar Kudva	1.20
5.	Mr. N. Vijayaraghavan	0.85
6.	Mr. K. Raghuraman	1.95
7.	Mr. Raghavender Mateti	1.95

- (b) Details of Remuneration paid to Mr. V.Vijay Shankar, Managing Director for the financial year ended 31<sup>st</sup> March, 2016 is mentioned hereunder:

Components	Amount (₹ in Lakhs)
Salary	72.06
Perquisites and other benefits	0.52
Contribution to Provident Fund	04.03
<b>Total*</b>	<b>76.61</b>

\* Excluding the performance pay, payable during the current financial year 2015-16

- (c) Details of consultancy fees paid/ to be paid to Mr. N. Vijayaraghavan for engaging him as a Consultant to render consultancy services to the Company in his professional capacity, the details of which are mentioned in the Explanatory Statement to Item No. 6 of the Notice to AGM.

Components	Amount (₹ in Lakhs)
Onetime Consultancy Fees for preliminary study and analysis conducted during the period form 7 <sup>th</sup> February, 2016 to 31 <sup>st</sup> March, 2016	<b>4.00</b>

#### H. PERFORMANCE EVALUATION OF BOARD:

Pursuant to applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has formulated Policy on Performance Evaluation of Directors which inter-alia covers, the criteria for evaluation of its own performance, performance of the Directors including Independent, Executive and Non-Executive Directors as well as the evaluation of its Committees, and Chairperson of the Board.

The criteria described in the said policy inter-alia includes Qualifications, meeting the independence criteria, observing ethical standards, integrity, exercise of responsibilities, safeguarding interest of all stakeholders, skills and knowledge updation, adhering to Company's Code of conduct, regular attendance and active participation at the meetings of the Company, maintaining confidentiality, transparency, assistance in implementing best corporate governance practices, absence of conflict of interest with business of the Company, etc.

#### I. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL:

The Board of Directors has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. The Code of Conduct is uploaded on the website of the Company i.e., [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com). All the Board members and Senior Management Personnel have confirmed compliance with the code for the year under review. A declaration signed by the Managing Director pursuant to Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

#### J. CODE OF CONDUCT OF INDEPENDENT DIRECTORS:

As per the provisions of Section 149(8) read with Schedule IV of the Companies Act, 2013 the Company has laid down the "Code of Conduct for Independent Directors" in accordance with Schedule IV of the Companies Act, 2013. The said Code of Conduct is duly approved and adopted by the Board and the same has been uploaded on the website of the Company.

## K. GENERAL BODY MEETINGS:

### a) Details of last three Annual General Meetings:

Financial Year	Date	Time	Place
2012-13	07-08-2013	10:00 A.M.	Surana Udyog Auditorium of Federation of Andhra Pradesh, Chambers of Commerce and Industry, Red Hills, Hyderabad-500004
2013-14	09-08-2014	10:00 A.M.	Surana Udyog Auditorium of Federation of Telangana and Andhra Pradesh, Chambers of Commerce and Industry, Red Hills, Hyderabad-500004
2014-15	28-09-2015	10:00 A.M.	Surana Udyog Auditorium of Federation of Telangana and Andhra Pradesh, Chambers of Commerce and Industry, Red Hills, Hyderabad-500004

- b) No Extra-ordinary General Meeting(s) were held and No Postal Ballot Notices are issued to the public during the year ended 31<sup>st</sup> March, 2016.
- c) All the Resolutions including the Special Resolution were passed only on show of hands at the Annual General Meeting held 07<sup>th</sup> August, 2013. However, the Resolutions considered in the Annual General Meeting held on 09<sup>th</sup> August, 2014 and 28<sup>th</sup> September, 2015, were passed through three modes of voting [e-voting, physical ballot (by post) and polling process conducted at Annual General Meeting] in compliance with the provisions of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014.
- d) During the year under review, no special resolution was passed through postal ballot.

## L. DISCLOSURES:

- a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with the Promoters, Directors, Key Managerial Personnel or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large is not included in the report, as there were such transaction entered into by the Company during the financial year ended 31<sup>st</sup> March, 2016.
- b) Details of related party transactions have been disclosed under the concerned note or Schedule in the financial statements. There are no transactions which may have potential conflict with the interests of the Company at large.
- c) There has been no instance of non-compliance penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authorities, on any matter related to capital markets during the last three years.
- d) Shareholding of Non-Executive Directors in the Company: Mrs. K. Lakshmi Raju holds 3018360 shares.
- e) As required under the provisions of Companies Act, 2013 and Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the mandatory disclosure of relevant policies i.e., CSR Policy, Nomination and Remuneration Policy, Related Party Transactions Policy, Risk Management Policy, Whistle Blower Policy, Policy for determining materiality of event and Information, Policy on preservation and Archival of Documents and Policy on Evaluation of Boards' Performance are mentioned briefly in the Board's Report, in this Report and/or posted on Company's website ([www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com)).
- f) A statement of compliance with all laws and Regulations as certified by the Managing Director is placed at periodic intervals for review by the Board of Directors of the Company.
- g) **Subsidiary Companies:** The Company has two unlisted (Indian and Overseas) subsidiaries. An Executive Director and an Independent Director of the Company are the Directors of Indian subsidiary. Two Executives (SMPs) of the Company are on the Board of Overseas subsidiary. The Audit Committee of the Company reviews the financial statements of the subsidiaries.
- h) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:** The Company has complied with all the mandatory requirements of the earlier Clause 49 of the Listing Agreement (prior to 1<sup>st</sup> December, 2015) and the new SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1<sup>st</sup> December, 2015.

i) **Details about familiarization programme:**

Senior management personnel of the Company make presentations to the Board members on a periodical basis, briefing the Board / Committee on the operations of the Company, plans, strategy, risks involved, new initiatives, etc. and seek their opinions and suggestions on the same. Also, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company, its operations, its subsidiaries, occurrence of any material events in the Company and is also informed of the important policies of the Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading, Policy on Related Party Transactions, Policy on Remuneration, Whistle blower policy, Risk Management Policy, Corporate Social Responsibility, Policy on Preservation and Archival of Documents, and Policy on Materiality of Events and Information .

The Company familiarizes all the Independent Directors through various programmes about the listed entity, including: (a) nature of the industry in which the listed entity operates; (b) business model of the listed entity; (c) roles, rights, responsibilities of Independent Directors; and (d) any other relevant information, as per the familiarization programme of the Company.

Necessary presentations are made to the Board of Directors and Audit Committee with regard to provisions of Companies Act, 2013, the new SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other amendments, notifications, circulars issued by MCA or the Securities and Exchange Board of India, effecting the Company and its impact on the Company.

The Company places information required to be placed before the Board of Directors of the Company as per Part - A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**M. FIXED DEPOSITS:**

During the period under review, the Company has not accepted any fixed deposits in terms of Section 73 and other applicable provisions of the Companies Act, 2013.

**N. UNCLAIMED DIVIDEND:**

In accordance with the provisions of Section 124 of the Companies Act, 2013, 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 Limited, Hyderabad for encashing the unclaimed dividend if any, standing to their credit.

**No claim shall be made 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.**

Details of unclaimed dividend amount credited to the IEPF during the year 2015-16 is as follows:

Sl. No.	Financial Year(s) to which the unclaimed dividend amount relates to	Amount	Date by which amount credited to IEPF
1)	2007-08-(Final)	6,00,617	21.09.2015
2)	2008-09-(Interim-I)	4,74,747	09.10.2015
3)	2008-09-(Interim-II)	5,21,061	09.12.2015

**O. PARTICULARS OF INFORMATION REGARDING NAGARJUNA AGRICHEM LIMITED-UNCLAIMED EQUITY SHARES SUSPENSE ACCOUNT POSITION:**

As per the Regulation 39(4) read with Schedule V & VI of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all physical shares remaining unclaimed by the shareholders, were required to be dematerialized by the Company and kept in the "Unclaimed Suspense Account" to be opened and operated by the Company/Committee for this purpose. As per the requirements of the amended clause, the Company had sent three reminders to the respective shareholders. The shares in respect of which no valid response has been received, the Company opened a separate demat account with Stock Holding Corporation (India) Ltd, Hyderabad in the name and style of "Nagarjuna Agrichem Limited Unclaimed Suspense Account" in the month of July, 2013.

The Board has delegated the power to Mr. V. Vijay Shankar, Managing Director and Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal of the Company to approve such share transfers of the equity shares of the investors from the Unclaimed Suspense Account to the members demat account upon necessary requests from the original investor(s) and after duly confirmed by the RTA of the Company.

A statement of the shares remaining outstanding in the Unclaimed Suspense Account as on 31<sup>st</sup> March, 2016 is given below:

Sl. No	Particulars	No. of Shareholders	No. of shares
1.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	1257	1742678
2.	No. of shareholders who approached for transfer of shares from the unclaimed suspense account during the year	7	9070
3.	No. of shareholders/folios holding shares were treat as unclaimed (in spite of several reminders mailed to them) transferred to unclaimed suspense account during the period.	-	-
4.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year.	1250	1733608

The Shareholders are entitled to claim these shares after complying with laid down procedures. As and when the shareholder approaches, the Company, after proper verification, shall either credit the shares to the Shareholder's Demat account or deliver the physical certificates after re-materializing the same, depending on the option of the shareholder. All the corporate benefits in terms of securities accruing on these shares like bonus shares, subdivision etc. will also be credited to the Unclaimed Suspense Account and the voting rights on these shares shall remain frozen until the claim is made by the rightful owner.

#### P. 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 ([www.nagarjunaagrichem.com](http://www.nagarjunaagrichem.com)) and are sent to the BSE Limited (Stock Exchange where the Company's share are listed) wherein the same is posted on their website [www.bseindia.com](http://www.bseindia.com).

#### Q. COMPLIANCE OF INSIDER TRADING NORMS:

The Company, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 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 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.

#### R. INFORMATION REQUIRED UNDER REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015 WITH RESPECT TO THE RE-APPOINTMENT OF DIRECTOR OR DIRECTORS SOUGHT TO BE APPOINTED IS AS UNDER:

At the ensuing Annual General Meeting, Mr. K.S. Raju, Director of the Company, retires by rotation and being eligible, seek re-appointment. Brief profile of Mr. K.S. Raju, Director of the Company, along with particulars of their Directorships in other Companies is as under:

Name of the Director	Mr. K.S. Raju
Date of Birth	29 <sup>th</sup> June, 1950
Date of Appointment/ Reappointment	28 <sup>th</sup> June, 1997
Expertise in Specific functional area	He has over 41 years of corporate management experience.
Qualification	Graduate in Mechanical Engineering from Mysore University
Board membership of other Public Limited Companies as on 31 <sup>st</sup> March, 2016	5 (five)
Chairman / Member of the Committee of the Board of Directors of the Company as on 31 <sup>st</sup> March, 2016	<ul style="list-style-type: none"> <li>● Stakeholder Relationship Committee - Chairman</li> <li>● Banking Committee –Chairman</li> </ul>

Chairman / Member of Committee of Directors of the other Companies in which he/she is a Director as on 31 <sup>st</sup> March, 2016	Member of 4 Committees (including Chairmanship of 2 Committees)
Number shares held in the Company (as per Regulation 36(3) of the Listing Regulations.	NIL
Relationship with Board of Directors	Father of Mrs. Lakshmi Raju, Promoter and Director of the Company
Directorship in other listed Companies	<ul style="list-style-type: none"> <li>● Nagarjuna Fertilisers &amp; Chemicals Limited</li> <li>● Bhagiradha Chemicals &amp; Industries Limited</li> <li>● Nagarjuna Oil Refinery Limited</li> </ul>

#### S. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:

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

#### T. GENERAL INFORMATION:

1)	Date, Time and Venue of Annual General Meeting	19 <sup>th</sup> September, 2016, at 10.00 a.m. and at Surana Udyog Auditorium, M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No.14, Red Hills, Hyderabad – 500004, Telangana State
2)	Financial Calendar (Tentative) (subject to change)	(a) Annual General Meeting: 19 <sup>th</sup> day of September, 2016. (b) Results for the quarter ending June, 2016: 06 <sup>th</sup> August 2016. (c) Results for the quarter ending September, 2016: 1 <sup>st</sup> week of Nov' 2016. (d) Results for the quarter ending December, 2016: 1 <sup>st</sup> week of February, 2017 (e) Results for the quarter ending March, 2017: 3 <sup>rd</sup> week of May, 2017.
3)	Date of Book closure (both days inclusive)	12 <sup>th</sup> September, 2016 to 19 <sup>th</sup> September, 2016
4)	Cut-off Date	09 <sup>th</sup> September, 2016
5)	Dividend	The dividend if approved by the members in the ensuing AGM will be paid to those members, whose names appear in the Register of Members on 09 <sup>th</sup> September, 2016 and to those beneficial owners whose names are provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 09 <sup>th</sup> September, 2016.
6)	Listed on Stock Exchange	BSE Limited P. J. Towers, Dalal Street, Mumbai-400001.
7)	Stock Code	BSE: Equity - 524709
8)	Registered Office	Plot No. 12-A, "C"-Block, Lakshmi Towers, No. 8-2-248/1/7/78, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082. Telangana State, INDIA. Telephone No.: 33605123/24/25/26/27, Fax No: 040-23350234 Email id: investors@nagarjunaagrchem.com
9)	CIN of the Company	L24219TG1986PLC016607
10)	Website	www.nagarjunaagrchem.com
11)	Communication regarding registration of share transfers and other related correspondence	Registers and Share Transfer Agents (RTA): XL Softech Systems Ltd., Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500034. India. Tel. (040) 23545913/14/15, Fax (040) 23553214 Email: xlfiled@gmail.com  Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.
12)	Share transfer system	Shares lodged for physical transfer at the Registrar's address are normally processed within a period of fifteen days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned share holders within a week from the date of approval of transfers by the Stakeholders Relationship Committee.

13)	Redressal of Grievances	There are no investor's complaints pending unresolved as on 31 <sup>st</sup> March, 2016. Complaints regarding transfer of shares, dematerialization / rematerialisation of shares, non-receipt of Annual Reports/Dividend Warrants etc., are being acted upon by the Company immediately on receipt. Shareholders having grievances are requested to write to the Company / RTA.
14)	Note to Corporate Members	Corporate members intending to send their authorised representative to attend the meeting are requested to send a certified true copy of the Board Resolution.

**15) Secretarial Audit:**

- (a) Mr. K. V. Chalama Reddy, Practicing Company Secretary has conducted a secretarial audit of the Company for the year 2015-16. The audit report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Listing Agreement entered with the Stock Exchange, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other laws and Regulations applicable to the Company. The said secretarial audit report forms part of the Directors' Report.
- (b) Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates have been issued on a half-yearly basis, by a Company Secretary in Whole-time practice, certifying due compliance of share transfer formalities by the Company / RTA.
- (c) A Company Secretary in practice carries out a quarterly Reconciliation of share capital audit, to reconcile the total capital with National Securities Depository Ltd. (NSDL), Central Depository Services (India) Ltd. (CDSL) and physical shares together with the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

**16) Nomination facility for shareholding:**

As per the Section 72 of the Companies Act, 2013, facility for making nomination is available for the members in respect of the shares held by them. Members holding shares and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Further, a member who desires to cancel the earlier nomination and record fresh nomination may submit the same in Form No. SH-14. Both the forms for "Nominations" and "Cancellation or Variation of Nomination can be availed from the RTA or can be downloaded from the Company's website. Members holding shares in physical form are requested to submit the forms to the Company's Share Registrars and Transfer Agents (RTA). The members holding shares dematerialized form are requested to file the Nomination / Cancellation or Variation in Nomination forms with their respective Depository in prescribed form.

**17) Dividend Patterns:**

The dividend pattern of the Company is as under:

Year	Type	Dividend (%)
2001-2002	Final	8
2002-2003	Final	10
2003-2004	Final	12
2004-2005	Interim	15
2004-2005	Final	7
2005-2006	Final	20
2006-2007	Interim	20
2006-2007	Final	20
2007-2008	Interim-1	10
2007-2008	Interim-2	10
2007-2008	Interim-3	10

Year	Type	Dividend (%)
2007-2008	Final	15
2008-2009	Interim-1	10
2008-2009	Interim-2	10
2008-2009	Final	30
2009-2010	Interim	20
2009-2010	Final	30
2010-2011	Final	15
2011-2012	Final	15
2012-2013	N.A	Nil
2013-2014	N.A	Nil
2014-2015	Final	10

**18) Permanent Account Number (PAN):**

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form should submit their PAN details to the Company or Registrar and Transfer Agent i.e. XL Softech Systems Limited.

**19) Managing Director and Chief Financial Officer (CFO) Certification:**

Pursuant to Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Chief Financial Officer of the Company have certified to the Board, in the manner required under the Corporate Governance Code concerning the Annual Financial Statement.

**20) The Company has not issued any GDRS/ADRS and there are no warrants or any Convertible instruments.**

**21) Location of Plants:**

- Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District – 532403, Andhra Pradesh.
- Nandigaon Village, Kothur Mandal, Mahaboobnagar District, Telangana State.
- Ethakota, Ravulapalem P.O, East Godavari District – 533238, Andhra Pradesh.

**22) Market Price Data:** High-Low quotations on BSE Limited, Mumbai during the year 01<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016 is as follows:

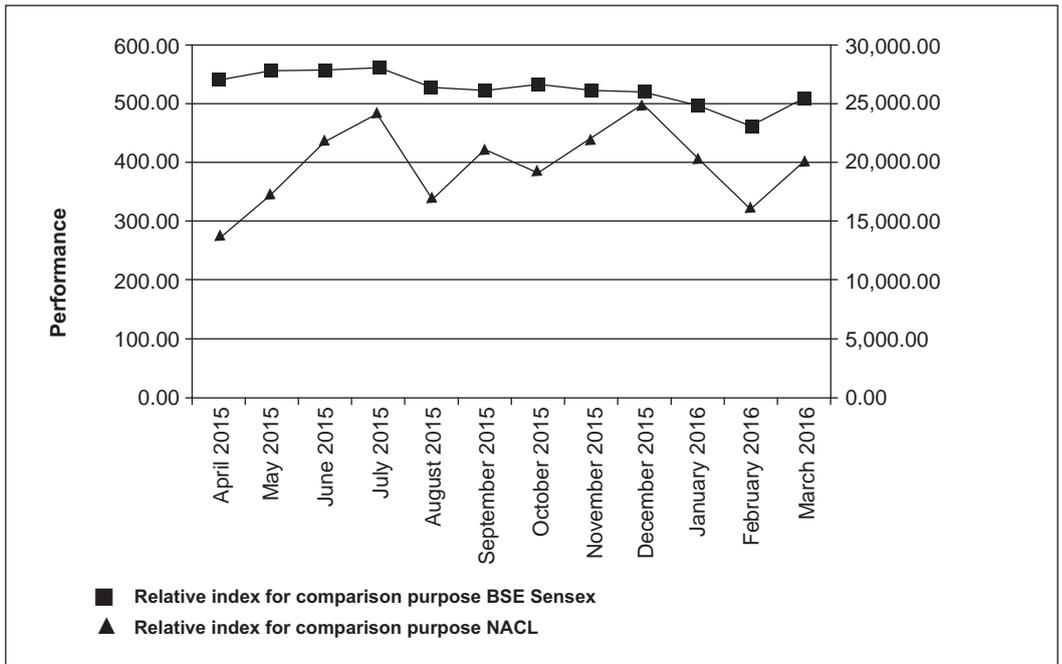
Month	Bombay Stock Exchange (BSE)	
	High Price (in ₹)	Low Price (in ₹)
April, 2015	15.60	13.06
May, 2015	17.45	12.50
June, 2015	23.00	13.20
July, 2015	26.50	18.10
August, 2015	25.70	13.80
September, 2015	21.05	14.75
October, 2015	22.55	18.65
November, 2015	21.95	17.50
December, 2015	25.30	19.75
January, 2016	28.40	18.80
February, 2016	21.85	15.00
March, 2016	21.50	16.05

### 23) Performance in comparison to BSE Sensex.

Share Price movement for the period April, 2015 to March, 2016 of the Company and BSE Sensex is given below:

(Amount in ₹)

Month	NACL Close Price	Close Price BSE	Relative Index for Comparison Purpose	
	on BSE	Sensex	NACL	BSE Sensex
April, 2015	13.46	27,011.31	272.45	138.50
May, 2015	17.01	27,828.44	344.31	142.69
June, 2015	21.50	27,780.83	435.19	142.45
July, 2015	23.90	28,114.56	483.77	144.16
August, 2015	16.60	26,283.09	336.01	134.77
September, 2015	20.90	26,154.83	423.05	134.11
October, 2015	18.85	26,656.83	381.55	136.68
November, 2015	21.75	26,145.67	440.25	134.06
December, 2015	24.60	26,117.54	497.94	133.92
January, 2016	20.15	24,870.69	407.87	127.52
February, 2016	15.60	23,002.00	315.77	117.94
March, 2016	19.80	25,341.86	400.78	129.94



### 24) Share Transfer Agent:

The Company's Registrar and Share Transfer Agent (RTA) is M/s XL Softech Systems Limited, is registered with SEBI and is located at Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Telangana State.

**25) Distribution of Shareholding :**

The distribution of shareholding as on 31<sup>st</sup> March, 2016 was as follows:

Shareholding range	Shareholders		Share amount	
	Number	In %	In ₹	In %
001-5000	2659	26.90	476985	00.31
5001-10000	1132	11.45	926319	00.59
10001-20000	4142	41.91	5233195	03.36
20001-30000	499	05.05	1253540	00.80
30001-40000	294	02.97	1048510	00.67
40001-50000	214	02.17	1020363	00.65
50000-100000	477	04.83	3367799	02.16
100001 & above	467	04.72	142584797	91.45
<b>Total</b>	<b>9884</b>	<b>100.00</b>	<b>155911508</b>	<b>100.00</b>

Category		No. of Shares held	Percentage of shareholding
<b>A</b>	<b>Promoter's Holdings</b>	116641860	74.81
<b>B</b>	<b>Non-Promoter's Holdings</b>		
	<b>I. Institutional investors</b>		
	a. Mutual funds and UTI	-	-
	b. Banks, Venture Capital funds, Insurance Companies, Alternate investment funds, Foreign Venture Capital Investors, Provident funds/ Pension Funds	-	-
	c. Foreign Portfolio investors	1622749	1.04
	d. Central Govt./State Govt./President of India .	-	-
	<b>II. Others</b>		
	a. Private Corporate Bodies	5417920	3.47
	b. Indian Public	29748493	19.09
	c. Directors /Relatives	29996	0.02
	d. Employees	222508	0.14
	e. NRIs/OCBs	476472	0.31
	f. Clearing members	16902	0.01
	g. Others	1734608	1.11
	<b>Grand Total</b>	<b>155911508</b>	<b>100.00</b>

**26) Shares held by Promoters / Non-Executive Directors:**

The shares held by Non Executive Directors in the Company are

Sl.No	Name of the Director	No. of Shares
1.	Ms. KLR Products Ltd.	113623500
2.	Mrs. K. Lakshmi Raju	3018360



## 27) Dematerialization of Shares and Liquidity:

Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI. Dematerialization 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 dematerialized shares as on 31<sup>st</sup> March, 2016:

Mode	No. of shares held	Shareholding %
Demat	150527249	96.55
Physical	5384259	03.45
<b>Total</b>	<b>155911508</b>	<b>100.00</b>

The shares of the Company are fully covered under the category of compulsory delivery in dematerialized 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 INE295D01020.

**For and on behalf of the Board**

Place : Hyderabad  
Dated : 06<sup>th</sup> August, 2016

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 31<sup>st</sup> March 2016, as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the Stock Exchange for the period, 01<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 for the period 01<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable as aforesaid herein above.

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 Number: 000459 S

Place : Hyderabad  
Date : 06<sup>th</sup> August, 2016

**(V. Raghunandan)**  
Partner  
Membership No. 26255

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGERIAL 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 31<sup>st</sup> March, 2016.

Place : Hyderabad  
Dated : 06<sup>th</sup> August, 2016

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

## CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER (CFO)

[Pursuant to Regulation 17(8) and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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, herewith certify that:

- A. We have reviewed the Balance Sheet and Profit & Loss Account of the Company for the quarter and financial year ended 31<sup>st</sup> March, 2016 and all its schedules and notes on accounts as well as the Cash Flow statements and certify that:
- these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
  - 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. there are no transactions entered into by the Company during the year is fraudulent, illegal or volative 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. We have indicated to the Auditors and the Audit Committee:
- There have been no significant changes in the internal controls over financial reporting during the financial year 2015-16
  - There were no significant changes in accounting policies during the year.
  - There was no instance of significant 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.

Place : Hyderabad  
Date : 06<sup>th</sup> August, 2016

**R.K.S.Prasad**  
Chief Financial Officer

**V.Vijay Shankar**  
Managing Director

# INDEPENDENT AUDITORS' REPORT

To

**The Members of Nagarjuna Agrichem Limited**

## **Report on the Standalone Financial Statements**

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

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

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

## **Auditor's Responsibility**

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

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

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

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

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

## **Opinion**

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

## **Emphasis of Matter**

We draw attention to the following Notes to the financial statements:

Note No. 36 regarding claim lodged with the insurers based on the provisional assessment of loss made by the management of the fire accident in Block No.5 of the Srikakulam factory during the financial year 2012-13 in respect of totally/ partially damaged assets, inventory and other risks and treatment of the same in these Financial Statements as receivable, pending final assessment and acceptance of the same by the insurers on the date of the Balance Sheet dealt with by this report.

Our opinion is not modified in respect of above matters.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of the written representations received from the Directors as on March 31, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in “Annexure A”.
  - With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of all pending litigations on its financial position in its Standalone Financial Statements – refer Note 31 to the standalone financial statements.
    - ii. The Company did not, as at March 31, 2016, have any material foreseeable losses relating to long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except in case wherein disputes relating to the ownership of the underlying shares have remained unresolved..
2. As required by the Companies (Auditors Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in the “Annexure B”, a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**(M Bhaskara Rao)**

Partner

Membership No.005176

Place : Hyderabad

Date : 21st May 2016

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## ANNEXURE A TO THE INDEPENDENT AUDITORS’ REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

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

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the “Guidance Note on Audit of Internal Financial Controls over Financial Reporting” issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its

business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

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

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

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

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

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

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

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

### **Opinion**

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

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

**(M Bhaskara Rao)**  
Partner  
Membership No.005176

Place : Hyderabad  
Date : 21st May 2016

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Statement referred to in paragraph 2 under 'Other Legal and Regulatory requirements' in our report of even date)

- i) According to the information and explanations furnished to us,
  - (a) the Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets
  - (b) The said fixed assets have been physically verified by the management during the year based on a phased programme of verification 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 in respect of the fixed assets verified during the year and the records in respect thereof.
  - (c) The title deeds of the immovable properties of the Company are held in its name.
- ii) According to the information and explanations furnished to us, physical verification of inventories has been conducted during the year by the management. In our opinion, the frequency of the verification is reasonable. Further, the discrepancies found during such verification were not material and the same have been properly dealt with in the books of the Company.
- iii) According to the information and explanations furnished to us, the Company has granted an unsecured loan to its Associate Company covered in the register maintained under Section 189 of the Companies Act 2013, in respect of which, in our opinion,
  - (a) The terms and conditions of the grant of such loan are not prejudicial to the Company's interest.
  - (b) The repayment of the loan and the payment of interest thereon have not been regular in terms of the stipulated schedule in respect thereof
  - (c) Principal amount of Rs. 167 lakhs and interest of Rs. 75.12 Lakhs was overdue for more than 90 days as at the date of the Balance Sheet
  - (d) The Company has been taking reasonable steps for recovery of such overdue principal and interest.
- iv) According to the information and explanations furnished to us, the Company has not made any loans to which the provisions of Sections 185 and 186 of the Act apply, except a loan made by the Company to its associate Company in respect of which in our opinion, the provisions of Sec 186 of the Act to the extent applicable, have been complied with.
- v) According to the information and explanations furnished to us, the Company has not accepted any deposits covered by Sections 73 to 76 of the Companies Act 2013 and the Rules framed there under.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records prescribed under Section 148(1) of the Companies Act 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii)
  - (a) According to the information and explanations furnished to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance; Income Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty, Value Added Tax, Cess and other applicable statutory dues with the appropriate authorities; there were no arrears of such statutory dues as at 31<sup>st</sup> March 2016 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations furnished to us, there are no dues of Income Tax, Wealth Tax, Value Added Tax, Customs duty, Service Tax, Excise duty or Cess, which have not been deposited on account of any dispute pending except the following:

Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates	Demand (Rs. In Lakhs)	Amount paid under protest (Rs. In Lakhs)	Dues-Net of amount paid under protest (Rs. In Lakhs)
Finance Act, 1994	Service Tax (including interest & penalty)	Commissioner (Appeals), Visakhapatnam	2011-12 2012-13, 2013-14, 2014-15, 2015-16	54.63	3.52	51.11
		CESTAT, Bangalore	2010-11	4.17	-	4.17
Central Excise Act, 1994	Excise duty (including interest And penalty)	Andhra Pradesh Honorable High Court	2004-05, 2006-07, 2007-08	8.13	-	8.13
		Additional Commissioner (Appeals) Visakhapatnam	2006-07	27.00	14.86	12.14

- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- ix) According to the information and explanations given to us, the working capital term loans raised by the Company have been applied for the purpose for which they were raised.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under paragraph 3(xii) of the Order does not arise.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, reporting under paragraph 3 (xv) of the Order does not arise.
- xvi) According to the information and explanations furnished to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

Place : Hyderabad  
Date : 21<sup>st</sup> May 2016

**(M Bhaskara Rao)**  
Partner  
Membership No.005176

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016**

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
Share Capital	3	1,559.12	1,559.12
Reserves and Surplus	4	16,775.78	16,065.85
		<b>18,334.90</b>	17,624.97
<b>2 Non-Current Liabilities</b>			
Long-Term Borrowings	5	3,554.91	1,410.41
Deferred Tax Liabilities (Net)	6	1,800.89	1,847.69
Other Long Term Liabilities	7	1,359.73	1,249.19
Long-Term Provisions	8	202.36	149.88
		<b>6,917.89</b>	4,657.17
<b>3 Current Liabilities</b>			
Short-Term Borrowings	9	18,030.11	18,326.46
Trade Payables	10		
MSMED		-	-
Others		10,688.07	16,396.51
Other Current Liabilities	11	4,398.06	5,526.88
Short-Term Provisions	12	2,515.03	3,839.53
		<b>35,631.27</b>	44,089.38
<b>TOTAL</b>		<b>60,884.06</b>	66,371.52
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
Fixed Assets			
(i) Tangible Assets	13	16,003.04	17,353.83
(ii) Intangible Assets	14	667.24	215.77
(iii) Capital Work-in-Progress	15	233.21	625.77
(iv) Intangible Assets Under Development		338.92	561.19
Non-Current Investments	16	1,017.64	1,007.33
Long-Term Loans and Advances	17	1,030.67	1,202.67
		<b>19,290.72</b>	20,966.56
<b>2 Current Assets</b>			
Inventories	18	18,314.49	18,642.20
Trade Receivables	19	18,827.07	22,147.01
Cash and Cash Equivalents	20	1,361.21	1,248.53
Short-Term Loans and Advances	21	2,356.69	2,341.50
Other Current Assets	22	733.88	1,025.72
		<b>41,593.34</b>	45,404.96
<b>TOTAL</b>		<b>60,884.06</b>	66,371.52
Significant Accounting Policies and Kotes on Financial Statements	1 to 46		

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

For and on behalf of the Board

**M Bhaskara Rao**  
Partner  
Membership No.005176

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(₹ in Lakhs)

Particulars	Note No.	for the Year ended 31 <sup>st</sup> March 2016	for the Year ended 31 <sup>st</sup> March 2015
<b>I. Revenue from Operations</b>			
Sales	23	80,183.22	85,963.18
Less: Excise Duty & Vat		11,042.76	11,411.72
		69,140.46	74,551.46
<b>II. Other Income</b>	24	1,855.80	2,595.84
<b>III. Total Revenue (I + II)</b>		70,996.26	77,147.30
<b>IV. Expenses:</b>			
Cost of Materials Consumed	25	39,652.84	47,405.22
Purchase of Stock in Trade		3,432.79	4,981.51
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	692.99	(3,014.86)
Employee Benefits Expense	27	5,515.63	4,907.05
Finance Costs	28	3,702.96	3,491.69
Depreciation and Amortization Expenses	29	2,676.22	2,464.17
Other Expenses	30	14,237.04	15,862.62
<b>Total Expenses</b>		69,910.47	76,097.40
<b>V. Profit/(Loss) Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		1,085.79	1,049.90
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit/(Loss) Before Extraordinary Items and Tax (V - VI)</b>		1,085.79	1,049.90
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit/(Loss) Before Tax (VII- VIII)</b>		1,085.79	1,049.90
<b>X. Tax Expense:</b>			
(1) Current Tax		235.00	222.67
(2) Deferred Tax		(46.80)	59.18
(3) Prior Year's Tax		-	-
<b>XI. Profit /(Loss) For The Period (IX + X)</b>		897.59	768.05
<b>XII. Earnings Per Equity Share:</b>			
(1) Basic		0.58	0.49
(2) Diluted		0.58	0.49
Significant Accounting Policies and Notes on Financial Statements	1 to 46		

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

For and on behalf of the Board

**M Bhaskara Rao**  
Partner  
Membership No.005176

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016

(₹ in Lakhs)

Particulars	for the Year ended 31 <sup>st</sup> March 2016		for the Year ended 31 <sup>st</sup> March 2015	
	Amount	Amount	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS</b>	<b>1,085.79</b>	<b>1,085.79</b>	1,049.90	1,049.90
<b>Extraordinary Items</b>	-	-	-	-
<b>Adjustments for:</b>				
<b>Add:</b>				
Depreciation & Amortisation Expenses	2,676.22		2,464.17	
Foreign Exchange Fluctuations-Unrealised Loss	334.21		209.16	
Loss on Sale/Discarded of Fixed Assets	26.20		18.34	
Interest	3,702.96		3,491.69	
<b>Less:</b>		<b>6,739.59</b>		6,183.36
Profit on Sale of Assets	13.14		3.74	
		<b>13.14</b>		3.74
Operating Profit Before Working Capital Changes		<b>7,812.24</b>		7,229.52
<b>Adjustments for:</b>				
<b>Less:</b>				
Increase in Trade Receivables			6,102.87	
Increase in Inventories			1,011.70	
Increase in Other Current Assets	-		-	
Increase in Short Term Loans & Advances	15.19		-	
Increase in Long term Liabilities & Provisions				
Decrease in Trade Payable	5,923.71		-	
Decrease in Other Current Liabilities & Short Term Provisions	1,242.65		1,136.48	
		<b>7,181.55</b>		8,251.05
		<b>630.69</b>		(1,021.53)
<b>Add:</b>				
Increase in Other Current Liabilities & Short Term Provisions			-	
Decrease in Long Term Loans & Advances	171.99		28.16	
Decrease in Trade Receivables	3,223.76		-	
Decrease in Inventories	327.72			
Increase in Long term Liabilities & Provisions	163.02		107.33	
Decrease in Short Term Loans & Advances			205.30	
Increase in Trade Payable			3,952.96	
Decrease in Other Current Assets	291.84		990.05	
<b>Cash Generated from Operations</b>		<b>4,178.33</b>		5,283.80
		<b>4,809.02</b>		4,262.27
<b>Less:</b>				
Taxes paid	235.00	<b>235.00</b>	222.67	222.67
Cash flow before extraordinary items		<b>4,574.02</b>		4,039.60
Prior year Taxes (Net)				-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>4,574.02</b>		4,039.60

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(₹ in Lakhs)

Particulars	for the Year ended 31 <sup>st</sup> March 2016		for the Year ended 31 <sup>st</sup> March 2015	
	Amount	Amount	Amount	Amount
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>B. Inflow:</b>				
Sale/Retirement of Fixed Assets	162.82		124.63	
Capital Work-in-Progress		162.82	-	124.63
<b>Outflow:</b>				
Investments	10.31		177.44	
Purchase of Fixed Assets	1,337.96		1,775.48	
Capital Work-in-Progress		1,348.27	-	1,952.93
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(1,185.45)</b>		<b>(1,828.30)</b>
<b>C. CASH FLOW FROM FINANCEING ACTIVITIES</b>				
<b>Proceeds from Long Term / Short Term Borrowings:</b>				
<b>In flow:</b>				
Long Term Borrowings	2,219.56		520.00	
Short Term Borrowings			2,720.26	
<b>Outflow:</b>		2,219.56		3,240.26
Long Term Borrowings	1,409.17		2,346.65	
Short Term Borrowings	319.12		-	
Working Capital Loans			-	
Interest Paid	3,701.79		3,482.55	
Deferred Payment Liabilities	65.38		68.47	
Corporate Dividend Tax	-		-	
Equity Dividend	-		-	
Dividend Tax Paid	-	5,495.46	-	5,897.67
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(3,275.90)</b>		<b>(2,657.41)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS (A+B+C)		112.67		(446.11)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,248.53		1,694.64
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,361.21		1,248.53

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

For and on behalf of the Board

**M Bhaskara Rao**  
Partner  
Membership No.005176

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2016

### 1. Corporate Information:

**NAGARJUNA AGRICHEM LTD**, is a Public Limited Company listed with Bombay Stock Exchange. It is part of the Nagarjuna group based at Hyderabad. The Company is in the business of Crop Protection and manufactures both Technicals (Active Ingredient -AI) and Formulations. It manufactures all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. The Company's Formulation Business is mainly in the Indian Market and sells through its large retail dealer network of nearly 11000 dealers, spread across India. The Company has an impressive range of branded formulations. It also exports Technicals and formulations and does Toll Manufacture for various Multinational Companies.

### 2. Significant Accounting Policies:

#### A. Accounting Convention:

The financial statements are prepared on the going concern assumption, under the historical cost convention, in accordance with the generally accepted principles and provisions of the Companies Act, 2013, 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 the estimates. Any revision to such estimates is recognized in the period the same is determined.

#### C. Fixed Assets:

- Fixed assets are stated at historical cost. (Net of Modvat / Cenvat Credit availed), less accumulated depreciation and impairment loss if any.
- Capital Work-in-progress is stated at amount expended upto the date of the Balance Sheet.
- Expenditure during construction work whether relevant 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.
- Expenditure incurred on Research & Development projects is considered as Intangible Assets on completion of the project and put into commercial use.

#### D. Depreciation:

Depreciation is provided based on useful life of the fixed assets as specified in Schedule II of the Companies Act, 2013.

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

#### E. Intangibles:

- Goodwill is amortised over a period of Ten years.
- SAP Upgrade License/ Implementation fees is amortised over a period of twenty four months.
- Intangible assets on account of R&D Projects amortised over a period of 36 months.

#### F. Long Term Investments:

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

#### G. Inventory:

Inventories are valued at lower of cost and net realizable value.

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

- Raw materials - at lower of cost and net realizable value.
- Work-in-process - at cost.
- Finished goods - at lower of cost and net realisable value. Cost includes cost of direct material, labour, factory overheads inclusive of excise duty.
- Stores & Spares, Packing material - at lower of cost and net realizable value.
- 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. Company's contributions to the above fund are charged to the Profit & Loss Account, on accrual.
- 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. The contribution to the said fund is charged to the Profit & Loss Account, on accrual.
- 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, and is charged to Profit & Loss Account, on accrual.
- d) **Employee Stock Option Scheme** : In respect of the options granted under the Nagarjuna Agrichem Ltd., Employees Stock Options Scheme, in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in compliance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognised in the accounts over the vesting period on time proportion basis.

**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. Income Taxes:**

Tax expenses comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred tax reflects the effect in the current period of timing differences originating and reversing between taxable income and accounting income for the period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available, except that deferred tax assets in case of unabsorbed depreciation or losses under tax laws, are recognised only if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

**N. Impairment of Assets:**

Impairment of an asset is reviewed and recognized in the event 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. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

**O. Contingencies:**

The Company recognizes provisions when there is a 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 segment information is disclosed if any required in accordance with the standard.

**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. 3: Share Capital****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised</b> 200,000,000 equity shares of ₹ 1/- each (Previous Year 200,000,000 equity shares of ₹ 1/- each)	<b>200,000,000</b>	<b>2,000.00</b>	200,000,000	2,000.00
<b>Issued, Subscribed &amp; Paid up</b> 155,911,508 equity shares of ₹ 1/- each (Previous Year 155,911,508 equity shares of ₹ 1/- each)	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12
<b>TOTAL</b>	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12

**a) Reconciliation of Share Capital****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	No. of Shares	Amount	No. of Shares	Amount
Share capital at the beginning of the year (equity shares of ₹ 1/- each)	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12
Add : Bonus Shares issued during the year (equity shares of ₹ 1/- each)	-	-	-	-
Share capital at the end of the year (equity shares of ₹ 1/- each)	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12

**b) Rights, Preferences and Restrictions attached to Equity shares**

The Company has only one class of Equity shares having a par value of ₹ 1/- per share. Each holder of Equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

**c) Shares in the Company held by the Holding Company and Other Share holders holding more than 5%****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016			As at 31 <sup>st</sup> March 2015		
	% of share holding	Number of Shares held	Amount	% of share holding	Number of Shares held	Amount
<b>Share Capital</b>						
KLR Products Limited Holding Company	<b>72.88%</b>	<b>113,623,500</b>	<b>1,136.24</b>	72.88%	113,623,500	1,136.24

**d) Equity Shares reserved for issue under employee stock options outstanding as at the end of the year :**

Summary of Stock Option	No. of Stock Options
Options Reserved	11,50,000
Options Outstanding as on 01.04.2015	Nil
Options granted during the year	9,30,000
Options forfeited / lapsed during the year	Nil
Options exercised during the year	Nil
Options Outstanding as on 31.03.2016	9,30,000
Options vested but not exercised as on 31.03.2016	Nil

**Note No. 4: Reserves & Surplus**

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>a. Capital Reserve</b>		
Opening Balance	20.94	20.94
Transfer	0.00	0.00
Utilised	0.00	0.00
<b>Closing Balance</b>	<b>20.94</b>	<b>20.94</b>
<b>b. Securities Premium Account</b>		
Opening Balance	178.54	178.54
Add : Securities premium credited on Share issue	0.00	0.00
Less : Utilised	0.00	
<b>Closing Balance</b>	<b>178.54</b>	<b>178.54</b>
<b>c. General Reserve</b>		
Opening Balance	4,175.00	4,175.00
Add: Transferred from surplus	0.00	
Deductions during the year	0.00	0.00
<b>Closing Balance</b>	<b>4,175.00</b>	<b>4,175.00</b>
<b>d. Surplus</b>		
Opening balance	11,691.36	11,414.88
Less: Depreciation on assets where useful life is completed as on 01st April 2014 (Net of Reversal of Deferred Tax Liability of ₹ 1,45,95,933/-), pursuant to introduction of Schedule-II of Companies Act, 2013	0.00	303.91
Add: Net Profit / (Net Loss) For the current year	897.59	768.04
Amount available for appropriations	0.00	0.00
Less: Interim Dividends	0.00	0.00
Less: Final Dividends	187.65	187.65
Transferred to General Reserve	0.00	
<b>Closing Balance</b>	<b>12,401.30</b>	<b>11,691.36</b>
<b>TOTAL (a to d)</b>	<b>16,775.78</b>	<b>16,065.84</b>

**Note No. 5: Long-Term Borrowings**

(₹ in Lakhs)

Particulars	Non-Current		Current	
	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Long-Term Borrowings:</b>				
<b>Secured:</b>				
(a) Term loans from (Refer Note No.a to f)				
- Banks (Rupee Loans)	3,464.55	1,244.99	1,582.50	2,991.67
- Other Parties.	0.00	0.00	0.00	0.00
<b>Un Secured:</b>				
(b) Deferred Payment Liabilities (Refer Note No (h))	90.36	165.42	75.05	65.37
<b>TOTAL</b>	<b>3,554.91</b>	<b>1,410.41</b>	<b>1,657.55</b>	<b>3,057.04</b>

**Notes :**

- a) Term Loan availed from State Bank of India is secured by way of first charge on fixed assets of the Company and second charge on current assets of the Company along with other working capital lenders.
- b) Working Capital Term Loans availed from New India Co-operative Bank Ltd are secured by way of first charge on fixed assets of the Company and other movable assets on pari passu basis with other term loan lenders.
- c) Term Loan availed from SVC Co-Op Bank Ltd. is secured by way of first charge on fixed assets of the Company and Second charge on current assets to be shared with other term lenders .
- d) Corporate Loan from State Bank of India outstanding at ₹ 250 lakhs included in Term Loans from Banks above, is guaranteed by Sri K.S. Raju a Director of the Company.
- e) Corporate Loan from SVC Co-Operative Bank Ltd. outstanding at ₹ 3000 lakhs included in Term Loans from Banks above, is guaranteed by Smt. K. Lakshmi Raju a Director of the Company.
- f) All Credit facilities extended by State Bank of India are further secured by pledge of Promoter Shareholding equal to 30% of the Company's equity.

**g) Terms of Repayment**

(₹ in Lakhs)

Bank / Institution	Terms of repayment			
	Balance principal amount as on 31.03.2016	Number of Instalments	Frequency	Repayment Commencing from
State Bank of India	250	12	Quarterly	Dec-13
New-India Co-operative Bank Ltd.	125	4	Quarterly	Dec-14
New-India Co-operative Bank Ltd.	370	4	Quarterly	Feb-16
New-India Co-operative Bank Ltd.	700	8	Quarterly	Jul-16
New-India Co-operative Bank Ltd.	600	8	Quarterly	Jan-17
SVC Co-Op Bank Ltd.	3,000	18	Quarterly	Sep-16
<b>TOTAL</b>	<b>5,045</b>			

**h) Deferred Payment Liabilities**

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 Lacs. The Sales Tax deferred in a year is payable at the end of 14th year without interest. Since financial year 2006-07 the Company has decided not to avail the Sales Tax deferment. First repayment commenced from 25.09.2013 as prescribed in the order. Based on the Sales Tax Returns the sales tax so deferred aggregates to ₹ 165.41 Lacs as at the balance sheet date. (Previous Year ₹ 230.79 Lacs).

**Note No. 6: Deferred Tax Liabilities (Net)**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>a) Deferred tax liability comprise the following:</b>		
Fixed assets-(Depreciation)	1,872.37	1,985.49
Others	0.00	0.00
<b>TOTAL (a)</b>	<b>1,872.37</b>	<b>1,985.49</b>
<b>b) Deferred tax Assets comprise the following:</b>		
Disallowances as per Section 43B and Section 40(a) of the Income Tax Act, 1961	0.00	49.67
Unabsorbed depreciation as per tax laws	71.48	88.13
<b>TOTAL (b)</b>	<b>71.48</b>	<b>137.80</b>
<b>TOTAL NET (a-b)</b>	<b>1,800.89</b>	<b>1,847.69</b>

**Note No. 7: Other Long Term Liabilities**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Trade Deposits from Dealers	1,359.73	1,249.19
Others	0.00	0.00
<b>TOTAL</b>	<b>1,359.73</b>	<b>1,249.19</b>

**Note No.8: Long-Term Provisions**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Provision for Employee Benefits:</b>		
Leave Encashment (unfunded)	202.36	149.88
<b>TOTAL</b>	<b>202.36</b>	<b>149.88</b>

**Note No.9: Short-Term Borrowings**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(i) Short -Term Borrowings:</b>		
<b>Secured:</b>		
(a) Loans Repayable on Demand from Banks*	18,030.11	17,076.46
<b>Un Secured:</b>		
(a) Other Parties	0.00	1,250.00
<b>TOTAL</b>	<b>18,030.11</b>	<b>18,326.46</b>

\* Loans Repayable on Demand from Banks (along with Non Fund Based Limits of Letters of Credit and Bank Guarantees) from the Consortium i.e. State Bank of India, IDBI Bank Ltd & HDFC Bank Ltd are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge on the Company's immovable and hypothecation of movable properties, both present and future, ranking pari passu with other Working Capital Lenders. The above are also guaranteed by Sri K.S.Raju, a Director of the Company.

**Note No.10: Trade Payables**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Trade Payables:</b>		
MSMED Vendors (Refer Note No.a)	-	-
Others	10,688.07	16,396.51
<b>TOTAL</b>	<b>10,688.07</b>	<b>16,396.51</b>

**Note:**

- a) The Company has not received confirmations for the current year about the status under The Micro, Small and Medium Enterprises Development Act, 2006, from various creditors, consequent to which, the classification of dues to such Enterprises can not be compiled as at the Balance Sheet date.

**Note No.11: Other Current Liabilities**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(a) Secured:</b>		
Current maturities of long term borrowings (Refer Note No.5 (a to g))	1,582.50	2,991.67
Interest accrued but not due (Refer Note No.5 (a to g))	50.55	49.38
<b>(b) Unsecured:</b>		
Capital Creditors	243.48	451.14
Un claimed Dividends (Refer Note No.a)	47.45	60.17
Advances from customers-Domestic	1,526.77	1,088.57
Other Liabilities	872.26	820.58
Deferred payment liabilities (Refer Note No.5 h)	75.05	65.37
<b>TOTAL</b>	<b>4,398.06</b>	<b>5,526.88</b>

**Note:**

- a) As at the date of this Balance Sheet, there are no amounts of Unclaimed dividends due for remittance to the Investor Education & Protection Fund.

**Note No.12: Short Term Provisions**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(a) Provision for Employee Benefits:</b>		
Gratuity Premium accrued but not due to the fund	202.55	129.11
Leave Encashment (unfunded)	4.19	3.20
<b>(b) Provision for Taxes:</b>		
Income Tax	0.00	0.00
Wealth Tax	0.00	0.17
Corporate Dividend Tax	31.74	31.74
<b>(c) Other Provisions</b>	<b>2,120.64</b>	<b>3,519.40</b>
<b>(d) Proposed Equity Dividend</b>	<b>155.91</b>	<b>155.91</b>
<b>TOTAL</b>	<b>2,515.03</b>	<b>3,839.53</b>

Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	Balance as at 01 <sup>st</sup> April 2015	Additions	Sales / adjust- ments	Balance as at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	for the year	Adjustment due to revalua- tions/ transfers	Sales / adjust- ments	Balance as at 31 <sup>st</sup> March 2016	Balance as at 31 <sup>st</sup> March 2015
<b>a</b>										
<b>Tangible Assets</b>										
Land	441.60	0.00	0.00	441.60	0.00	0.00	0.00	0.00	441.60	441.60
Buildings	5,041.05	268.68	0.00	5,309.73	1,479.76	153.85	0.00	0.00	3,676.12	3,561.29
Plant and Equipment	30,091.72	908.83	0.51	31,000.04	17,341.33	2,291.60	0.00	0.20	11,367.31	12,750.39
Furniture and Fixtures	589.31	5.51	0.00	594.82	209.12	62.29	0.00	0.00	323.41	380.19
Vehicles	184.50	15.96	53.58	146.88	122.86	18.87	0.00	38.91	44.06	61.04
Office equipment	213.58	17.30	3.23	227.65	153.43	26.83	0.00	1.19	48.58	60.15
Computers & peripherals	483.80	59.46	23.92	519.34	385.23	52.38	0.00	20.22	101.95	98.57
<b>TOTAL</b>	<b>37,045.56</b>	<b>1,275.74</b>	<b>81.24</b>	<b>38,240.06</b>	<b>19,691.73</b>	<b>2,605.82</b>	<b>0.00</b>	<b>60.52</b>	<b>16,003.04</b>	<b>17,353.83</b>
Less : Depreciation Capital- ised during the year						133.28				
Depreciation taken to State- ment of Profit and Loss						2,472.54				
<b>Note No.14</b>										
<b>b</b>										
<b>Intangible Assets</b>										
Goodwill	121.40	0.00	0.00	121.40	121.40	0.00	0.00	0.00	0.00	0.00
SAP Upgradation licence / Implementation fee	324.20	0.00	0.00	324.20	198.63	39.74	0.00	0.00	85.83	125.57
R&D Projects	120.61	677.04	27.21	770.44	30.41	163.94	0.00	5.32	581.41	90.20
Technical Knowhow	65.00	0.00	0.00	65.00	65.00	0.00	0.00	0.00	65.00	0.00
<b>TOTAL</b>	<b>631.21</b>	<b>677.04</b>	<b>27.21</b>	<b>1,281.04</b>	<b>415.44</b>	<b>203.68</b>	<b>0.00</b>	<b>5.32</b>	<b>667.24</b>	<b>215.77</b>
<b>Note No.15</b>										
<b>c</b>										
<b>Capital Work in Progress</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	233.21	625.77
<b>d</b>										
<b>Intangible Assets under development</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	338.92	561.19
<b>TOTAL</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	572.13	1,186.96
<b>GRAND TOTAL</b>	<b>37,676.77</b>	<b>1,952.78</b>	<b>108.45</b>	<b>39,521.10</b>	<b>20,107.17</b>	<b>2,676.22</b>	<b>0.00</b>	<b>65.84</b>	<b>17,242.41</b>	<b>18,756.55</b>
Previous Year	35,386.85	2,386.65	96.74	37,676.77	17,150.63	2,464.17	449.86	71.91	18,756.56	20,034.34

**Note No.16: Non-Current Investments**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Un quoted</b>		
<b>a) Subsidiaries (Trade Investments):</b>		
- Nagarjuna Agrichem (Australia) Pty Ltd (36720 Equity Shares of AU\$ 1/each, Previous year 15050)	18.01	7.73
- L R Research Lab Private Limited (10,000 Equity Shares of ₹ 10/each, Previous year 10,000)	1.00	1.00
<b>b) Associate (Trade Investments):</b>		
- Nasense Labs Pvt.Ltd.,(Formerly USP Organics Pvt Ltd) (49,36,052 Equity shares of ₹ 10/- each, Previous year 49,36,052)	493.60	493.60
<b>c) Others (Non-Trade Investments):</b>		
- Nagaarjuna Shubho Green Technilgies Private Ltd. (5,00,000 10% Cumulative Redeemable Preference Shares of ₹ 100/- each, Previous year 5,00,000)	500.00	500.00
- New India Co Operative Bank Ltd (50,000 Equity Shares of ₹ 10/- each, Previous year 50,000)	5.00	5.00
- SVC Co Operative Bank Ltd (100 Equity Shares of ₹ 25/- each, Previous year nil)	0.03	0.00
<b>Total (Aggregate amount of unquoted investments)</b>	<b>1,017.64</b>	<b>1,007.33</b>

**Note No.17: Long-Term Loans and Advances**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(Unsecured, Considered Good)</b>		
Loan to an Associate Company - Nasense Labs Pvt.Ltd.,	167.00	167.00
Income tax (net of provisions) - Advance / paid under protest	497.40	494.31
Prepaid Expenses	2.51	5.02
Deposits with Government, Public Bodies and Others	21.53	18.98
Electricity and Other Deposits	209.66	205.30
Balance with Customs, Central Excise etc.,	15.63	197.15
Rental and Other Deposits (Refer Note 17 (a))	115.76	113.70
Telephone Deposit	1.18	1.21
<b>TOTAL</b>	<b>1,030.67</b>	<b>1,202.67</b>

**Note 17 (a) :** Includes ₹ 50.15 lakhs (previous year ₹ 50.15 lakhs) with Smt.K.Lakshmi Raju, a Director of the Company

**Note No.18: Inventories**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(Refer Note No.2 G)		
Raw Materials [including in transit ₹ 513.36 lakhs (previous year 681.67 lakhs)]	6,196.01	5,110.82
Work-in-Progress	708.35	475.77
Finished Goods	9,635.09	10,560.66
Stock of Traded Goods	719.68	1,553.62
Packing Materials	592.13	489.39
Stores and Spares	463.23	451.94
<b>TOTAL</b>	<b>18,314.49</b>	<b>18,642.20</b>

**Note No.19: Trade Receivables**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Unsecured and Considered Good:</b>		
Due for a Period More than Six Months	2,059.03	2,058.73
Others	16,768.04	20,088.28
<b>TOTAL</b>	<b>18,827.07</b>	<b>22,147.01</b>

**Note No.20: Cash and Cash Equivalents**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
a. Cash on Hand	15.83	9.26
b. Balances with Banks		
1) In Current Accounts		
- Rupee Accounts	982.88	1,142.85
- Foreign Currency Accounts	314.05	35.25
2) Earmarked Accounts - Unclaimed Dividend	47.45	60.17
3) Bank Deposits with more than 12 months maturity	1.00	1.00
<b>TOTAL</b>	<b>1,361.21</b>	<b>1,248.53</b>

**Note No.21: Short-Term Loans and Advances**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Unsecured and considered good:</b>		
Advance Income Taxes & TDS (Net of Provisions)	280.05	173.93
Prepaid Expenses	185.63	90.28
Loans and Advances to Employees	2.64	5.55
Balance With Customs, Central Excise etc.,	531.92	523.23
Capital Advances	86.38	98.61
Advance to Material Suppliers and Others	842.61	1,109.88
Trade Advance to Related Parties (Refer Note No.38 B)	427.46	340.02
<b>TOTAL</b>	<b>2,356.69</b>	<b>2,341.50</b>

**Note No. 22: Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Interest Accrued on Deposits & Others	106.84	77.57
Insurance Claims Receivable	627.04	948.15
<b>TOTAL</b>	<b>733.88</b>	<b>1,025.72</b>

**Note No. 23: Revenue from Operation**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
<b>(a) Sale of Products:</b>		
- Agri Inputs	78,868.12	84,709.16
<b>(b) Other Operating Revenues:</b>		
- Conversion Charges	400.90	501.91
- Income from Operations	31.47	29.31
- Other Operating Income	882.73	722.80
<b>Less:</b>		
Excise Duty & VAT	11,042.76	11,411.72
<b>TOTAL</b>	<b>69,140.47</b>	<b>74,551.46</b>

**Note No. 24: Other Income**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
(a) Interest Income	48.57	46.56
(b) Other Non-Operating Income		
- Excess Provisions Written Back	692.74	424.44
- Profit on Sale of Fixed Assets	13.14	3.74
- Bad Debts Written off Recovered	19.33	18.09
- Dividends Received on Investments	0.60	0.55
- Others	1,081.42	2,102.46
<b>TOTAL</b>	<b>1,855.80</b>	<b>2,595.84</b>

**Note No. 25: Cost of Materials Consumed**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Raw-Material Consumption	35,407.74	43,372.82
Packing-Material Consumption	4,245.10	4,032.40
<b>TOTAL</b>	<b>39,652.84</b>	<b>47,405.22</b>

**Note No. 26: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Opening Work-in Progress	475.77	633.23
Opening Finished Goods	10,560.66	7,388.35
<b>TOTAL</b>	<b>11,036.43</b>	<b>8,021.58</b>
Closing Work-in Progress	708.35	475.78
Closing Finished Goods	9,635.09	10,560.66
<b>TOTAL</b>	<b>10,343.44</b>	<b>11,036.44</b>
<b>Net (increase)/decrease in stock</b>	<b>692.99</b>	<b>(3,014.86)</b>

**Note No. 27: Employee Benefits Expense**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Salaries, Wages and Bonus	4,826.18	4,287.89
Contribution to Provident and Other Funds	266.80	242.23
Workmen and Staff Welfare Expenses	422.65	376.93
<b>TOTAL</b>	<b>5,515.63</b>	<b>4,907.05</b>

**Note No. 28: Finance Costs**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
(i) Interest on Term Loans	453.68	705.63
(ii) Interest on Working Capital Loans	1,865.99	1,688.49
(iii) Interest - Others	714.13	608.35
(iv) Bank Charges	351.52	271.71
(v) Financial Charges	317.64	217.51
<b>TOTAL</b>	<b>3,702.96</b>	<b>3,491.69</b>

**Note No. 29: Depreciation and Amortization Expenses**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
(Refer Note No. 13 to 15)		
Tangible Assets	2,472.54	2,381.78
Intangible Assets	203.68	82.39
<b>TOTAL</b>	<b>2,676.22</b>	<b>2,464.17</b>

**Note No. 30: Other Expenses**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Consumption of Stores and Spare Parts	483.72	528.14
Repairs and Maintenance		
- Buildings	44.50	36.58
- Plant & Machinery	52.64	39.29
- Others	26.59	33.88
Other Manufacturing Costs	1,337.37	2,054.95
Power and Fuel	2,814.90	3,723.53
Rent	285.67	274.97
Rates and Taxes, Excluding, Taxes on Income	58.20	44.23
Communication expenses	108.03	109.11
Travel & Conveyance	1,225.05	1,038.60
Technical Consultancy	97.24	220.82
Legal & Professional Charges	243.08	181.50
Insurance	219.61	214.82
Directors' Sitting Fees	9.00	4.50
<b>Auditors' Remuneration:</b>		
- Audit Fee	18.00	15.00
- Taxation Matters	4.00	3.00
- Certification Fees	3.75	3.75
- Out of Pocket expenses	0.27	0.12
Cost Audit Fee	4.25	4.25
S.A.P. Annual Maintenance	33.71	33.06
R&D and Product Development Expenses	63.12	28.56
Miscellaneous Expenses	534.02	584.91
Foreign Exchange Fluctuation (Net of Gain of ₹ 219.54 lakhs)	333.18	196.86
Loss on Sale/Retirement of Fixed Assets	26.20	18.34
Bad Debts Written off	548.20	765.58
Marketing Expenses	3,614.35	3,208.72
Freight Outward	1,699.52	1,605.69
Export and Export Related Expenses	227.30	356.26
<b>TOTAL</b>	<b>14,115.47</b>	<b>15,329.02</b>
<b>DUTIES AND TAXES</b>		
Excise Duty	8,377.13	8,968.60
Less : Adjusted to Turnover	8,255.56	8,435.00
<b>TOTAL</b>	<b>121.57</b>	<b>533.60</b>
<b>TOTAL</b>	<b>14,237.04</b>	<b>15,862.62</b>

## 31. Commitments / Contingent Liabilities:

Sl. No.	Particulars	As at 31.03.2016 ₹ in Lakhs	As at 31.03.2015 ₹ in Lakhs
<b>a.</b>	<b>Commitments/ Contingent Liabilities</b>		
(i)	Letters of Credit issued by Bankers	<b>6510.95</b>	7409.50
(ii)	Counter Guarantees given to Bankers	<b>270.00</b>	270.00
<b>b.</b>	<b>Claims against the Company not acknowledged as debts in respect of</b>		
(i)	Disputed Excise Duty (Payments made under protest Rs.14.86 Lakhs)	<b>35.13</b>	20.27
(ii)	Disputed Service Tax (Payments made under protest Rs.3.52 Lakhs)	<b>58.80</b>	12.94
(iii)	Disputed Income Tax Demands (Payments made under protest Rs.430.40 Lakhs)	<b>430.40</b>	430.40
(iv)	Disputed Sales Tax Demands (Payments made under protest Rs.30.38Lakhs)	<b>30.38</b>	8.51
<b>c.</b>	<b>Others</b>	<b>124.57</b>	118.50
<b>d.</b>	<b>Estimated amount of contracts, remaining to be executed on Capital account and not provided for (net of advance)</b>	<b>113.39</b>	172.98

## 32.

## A. Raw Material Consumed:

Particulars	2015-16	2014-15
	Value ₹ in Lakhs	Value ₹ in Lakhs
Raw Material *	<b>35407.74</b>	43372.82
<b>TOTAL</b>	<b>35407.74</b>	43372.82

\* 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 &amp; Indigenous):

Particulars	2015-16		2014-15	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	<b>15030.44</b>	<b>42.45</b>	17969.50	41.43
Indigenous	<b>20377.30</b>	<b>57.55</b>	25403.32	58.57
<b>TOTAL</b>	<b>35407.74</b>	<b>100.00</b>	43372.82	100.00

## C. Value of Stores and Spares consumed (Imported &amp; Indigenous):

Particulars	2015-16		2014-15	
	₹ in Lakhs	%	₹ in Lakhs	%
Indigenous	<b>410.17</b>	<b>100</b>	365.66	100
Imported	-	-	-	-

## D. Value of Imports Calculated on CIF Basis:

Particulars	2015-16 ₹ in Lakhs	2014-15 ₹ in Lakhs
Raw Material	<b>14997.03</b>	14136.25
Capital Goods	<b>76.27</b>	34.22

## E. Expenditure in Foreign Currency:

Particulars	2015-16 ₹ in Lakhs	2014-15 ₹ in Lakhs
Traveling Expenses	<b>37.81</b>	47.72
Consultancy Charges	<b>68.78</b>	157.94
Others including Commission	<b>62.58</b>	64.10

**F. Earnings in Foreign Exchange:**

Particulars	2015-16 ₹ in Lakhs	2014-15 ₹ in Lakhs
Export of Goods on FOB basis	14208.83	14257.91

**33. Payments to Auditors:**

Sl. No.	Particulars	2015-16 ₹ in Lakhs	2014-15 ₹ in Lakhs
1	Statutory Audit *	18.00	15.00
2	Tax Audit *	4.00	3.00
3	Certification *	3.75	3.75
4	Out of Pocket Expenses	0.27	0.12
	<b>TOTAL</b>	<b>26.02</b>	<b>21.87</b>

\* Service Tax which is being claimed for set-off as input credit has not been included in the expenditure above.

**34. Expenditure on Research & Development:**

Particulars	2015-16 ₹ in Lakhs	2014-15 ₹ in Lakhs
<b>(A) Revenue expenditure capitalized during the year from respective heads:</b>		
- Salaries & Wages	146.52	124.08
- Contribution to PF etc	9.21	7.74
- Staff Welfare Expenses	8.92	6.72
- Chemicals Consumption	49.88	49.37
- Travel & Conveyance	5.00	3.12
- Communication	2.32	2.15
- Consultancy Charges	58.10	53.71
- Depreciation	133.27	114.42
- Repairs	9.83	14.04
- Electricity	39.87	29.80
- Other Expenses	42.44	40.79
<b>Total (A)</b>	<b>505.37</b>	<b>445.94</b>
<b>(B) Capital Expenditure</b>	<b>117.22</b>	<b>91.44</b>
<b>Total Capital Expenditure (A) + (B)</b>	<b>622.59</b>	<b>537.38</b>
<b>(C) Other Revenue Expenditure</b>	<b>75.46</b>	<b>51.06</b>

35. The supplier of three unauthorized consignments of Solar Products has accepted unconditionally the termination of the agreement vide its letter dt. 21<sup>st</sup> October, 2015. The said supplier has given an undertaking to take back all the consignments and to bear all the expenses in connection with the same. The said supplier has also absolved Nagarjuna Agrichem Ltd. and/or its Group Companies from any past or future obligations and liabilities arising out of the above agreement.
36. The amount standing under Claims Receivable account towards the provisional insurance claim made by the Company in connection with the damages to the assets in the fire accident on 30.06.2012 at Srikakulam Plant, stood at Rs.6.07 crs as on 31.03.2016 after adjusting the on account payment received from the Insurance Company and the realisations from the sale of scrap arising out of the said accident upto the date of the Balance Sheet.

The Company's claim has been assessed by the Surveyor and is pending final assessment and settlement by the Insurance Company.

Necessary adjustments in the accounts and the financial impact if any in respect of the aforesaid will be made on completion of final assessment and settlement of the said claim.

**37. Borrowing Cost:**

Borrowing cost capitalized during the year is nil (Previous year nil)

**38. Related Party Transactions (Disclosure as required by AS-18 "Related Party Disclosures):****A. Names of Related Parties and Description of Relationship:**

Sl. No	Relationship	Party
1.	Subsidiary Company	(i) Nagarjuna Agrichem (Australia) Pty Limited, Australia, (ii) LR Research Laboratories Pvt. Ltd.,
2.	Holding Company	KLR Products Limited (Formerly GSR Products Limited)
3.	Associate	Nasense Labs Pvt. Ltd. (Formerly USP Organics Pvt. Ltd.)
4.	Key Management Personnel (KMP)	Mr. V.Vijay Shankar, Managing Director
5.	Enterprises over which Key Managerial Personnel are able to exercise significant influence	(i) Indo International Fertilizers Ltd. (ii) Nagaarjuna Shubho Green Technologies Pvt. Ltd.
6.	a) Individuals who, indirectly have control on the voting power in the Company. b) Relatives of (a) above	Mrs. K Lakshmi Raju, Director Mr. K.S. Raju (Father)
7.	Enterprises under the significant influence of persons having significant influence over this Company	(i) Nagarjuna Fertilizers & Chemicals Ltd. (ii) Bhagiradha Chemicals & Industries Ltd.

**B. Related Party Transactions are as Under:**

(₹ in Lakhs)

SI No	Transaction	Subsidiary Company		Associates		Key Management Personnel		Enterprises over which Key Managerial Personnel are able to exercise significant influence		Individuals who, indirectly have control on the voting power in the Company.		Enterprises under the significant influence of persons having significant influence over this Company	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>A) TRANSACTIONS DURING THE YEAR</b>													
1	Sales	-	-	22.99	-	-	-	-	-	-	-	-	163.34
2	Purchases goods	-	-	-	-	-	-	-	-	-	-	1119.38	1124.24
3	Conversion charges (Indo International Fertilisers Ltd.)	-	-	-	-	-	-	120.00	505.01	-	-	-	-
4	Consultancy Charges	30.52	-	-	-	-	-	-	-	-	-	-	-
5	Building, Equipment & Godown rents -Expense	-	-	-	-	-	-	-	-	127.79	121.77	-	-
6	Godown rent-Income	-	-	-	-	-	-	-	-	-	-	6.00	6.00
7	Managerial Remuneration	-	-	-	-	76.61	74.08	-	-	-	-	-	-
8	Advance payments	-	0.15	-	-	-	-	-	-	-	-	-	-

SI No	Transaction	Subsidiary Company		Associates		Key Management Personnel		Enterprises over which Key Managerial Personnel are able to exercise significant influence		Individuals who, indirectly have control on the voting power in the Company.		Enterprises under the significant influence of persons having significant influence over this Company	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
9	Investments	10.28	7.68	-	-	-	-	-	169.77	-	-	-	-
<b>B) BALANCE AS AT 31<sup>st</sup> MARCH</b>													
10	Credit balances outstanding as on 31 <sup>st</sup> March	3.11	-	-	-	-	-	-	-	-	224.03	270.30	-
11	i) Trade Debit balances outstanding as on 31 <sup>st</sup> March	-	-	24.00	86.36	-	-	427.46	340.02	-	-	-	-
	ii) Debit balances (Unsecured Loan) outstanding as on 31 <sup>st</sup> March	-	-	234.61	219.19	-	-	-	-	-	-	-	-
12	Rental Deposits (Debit balance)	-	-	-	-	-	-	-	-	50.15	50.15	-	-
13	Total Investment as on 31 <sup>st</sup> March	19.02	8.72	493.60	493.60	-	-	500.00	500.00	-	-	-	-

39. Minimum remuneration, in accordance with the provisions of Schedule V to the Companies Act, 2013, has been paid to the Managing Director, owing to the inadequacy of profits computed in accordance with Sec 198 of The Companies Act 2013.
40. Provision has been made during the year for Minimum Alternate Tax (MAT) in accordance with the provisions of The Income Tax Act, 1961. As a prudent measure MAT Credit in respect of the said provision for the current year has not been recognized and will be reviewed and recognized at the appropriate time in subsequent years.
41. **Earnings per Share : The computation of EPS is as follows:** (₹ in Lakhs)

SI. No.	Particulars	2015-16	2014-15
	Profit / (Loss) for the year after Tax	898	768
	No. of Equity Shares of Re.1/- each :		
	(a) Basic	15,59,11,508	15,59,11,508
	Add : Effect of Dilutive issue of Employees Stock Options	4,93,697	---
	(b) Diluted	15,64,05,205	15,59,11,508
	Earnings Per Share in Rs.		
	- Basic	0.58	0.49
	- Diluted	0.58	0.49

## 42. 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 2015-16	FY 2014-15
Employer's Contribution to Provident Fund	116.35	118.70
Employer's Contribution to Pension Scheme	119.32	89.38

### B. Defined Benefit Plan:

Liability for retiring gratuity as on March 31, 2016 is ₹ 489.67 Lacs (as on March 31, 2015 – ₹ 411.65 Lacs) of which ₹ 287.12 Lacs (as on March 31, 2015 - ₹ 300.73 Lacs) is funded with Life Insurance Corporation of India 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	31.03.2016	31.03.2015
<b>1</b>	<b>Actuarial Assumptions</b>		
	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
<b>2</b>	<b>Table Showing changes in present value of Obligation as on 31/03/2016</b>		
	Present value of obligations as at beginning of year	318.22	238.50
	Interest Cost	25.46	19.08
	Current Service Cost	41.45	38.83
	Benefits Paid	(43.60)	(16.82)
	Actuarial (gain)/ loss on obligations	(54.59)	38.63
	Present value of obligations as at end of year	286.92	318.22
<b>3</b>	<b>Table showing changes in the fair value of plan assets as on 31/03/2016</b>		
	Fair value of plan assets at beginning of year	300.73	292.01
	Expected return on plan assets	23.34	25.54
	Contributions	-	-
	Benefits Paid	(43.60)	(16.82)
	Actuarial gain/(loss) on Plan assets	-	-
	Fair value of plan assets at the end of year	287.12	300.73
<b>4</b>	<b>Table showing fair value of plan assets</b>		
	Fair value of plan assets at beginning of year	300.73	292.01
	Actual return on plan assets	23.34	25.54
	Contributions	-	-
	Benefits Paid	(43.60)	(16.82)
	Fair value of plan assets at the end of year	280.47	300.73
	Funded status	(6.45)	(17.48)
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March	-	-

(₹ in Lakhs)

S.No.	Particulars	31.03.2016	31.03.2015
<b>5</b>	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/ loss on obligations	<b>54.59</b>	(38.63)
	Actuarial (gain)/ loss for the year - plan assets	-	-
	Actuarial (gain)/ loss on obligations	<b>(54.59)</b>	38.63
	Actuarial (gain)/ loss recognized in the year	<b>(54.59)</b>	38.63
<b>6</b>	<b>The amounts to be recognized in the balance sheet and statements of profit and loss</b>		
	Present value of obligations as at the end of year	<b>286.92</b>	318.21
	Fair value of plan assets as at the end of the year	<b>280.47</b>	300.73
	Funded status	<b>(6.45)</b>	(17.48)
	Net asset/(liability) recognized in balance sheet	<b>(6.45)</b>	(17.48)
<b>7</b>	<b>Expenses Recognised in Statement of Profit and Loss</b>		
	Current Service Cost	<b>41.45</b>	38.83
	Interest Cost	<b>25.46</b>	19.08
	Expected return on plan assets	<b>(23.34)</b>	(25.54)
	Net Actuarial (gain)/ loss recognized in the year	<b>(54.59)</b>	38.63
	Past Service Cost	-	-
	Expenses recognised in statement of Profit and Loss	<b>(11.02)</b>	70.99

The obligation of **Leave Encashment** is recognized based on actuarial valuation made by an Independent actuary at the end of the financial year.

### C. Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015”

- The “Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme” (hereinafter referred to as “ESOS-2015”) was approved by the Shareholders in the 28th Annual General Meeting of the Company held on 28th September, 2015. The scheme is to be administered by the Compensation Committee of the Board of Directors, set up for the purpose.
- Under the Scheme, 11,50,000 options have been reserved to be issued to the eligible employees, with each option conferring a right upon such employee to apply for one equity share of Re.1/- each of the Company. The options granted under the Scheme would vest after a minimum period of one year from the date of grant and may spread over a maximum period of five years after the aforesaid one year. The options granted to the employees would be capable of being exercised within a period, commencing from the date of vesting and shall expire on completion of two years from the date of vesting;
- Pursuant to ESOS-2015, the Company has, during the year, granted 9,30,000 (Nine Lakhs Thirty Thousand Only) options with a vesting period spread over maximum period of five years commencing after the aforesaid one year from the date of grant. The exercise price of Rs. 8/- (Rupees Eight Only) per share being less than the closing market price prevailing on the date prior to the date of grant, there arises deferred compensation cost which is to be suitably amortized over the period during which the vested options are to be exercised, in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.
- Summary of Stock Option

Summary of Stock Option	No. of Stock Options
Options Reserved	11,50,000
Options Outstanding as on 01.04.2015	Nil
Options granted during the year	9,30,000
Options forfeited / lapsed during the year	Nil
Options exercised during the year	Nil
Options Outstanding as on 31.03.2016	9,30,000
Options vested but not exercised as on 31.03.2016	Nil

- v) Information in respect of options outstanding as at 31st March, 2016

Particulars	Date of Grant	Exercise Price Rs.	No. of Options	Fair Value as on 31.03.2016 Rs.
Grant 1	29.09.2015	8.00	8,70,000	13.33
Grant 2	06.11.2015	8.00	60,000	14.10

- vi) The Fair Value has been calculated using the Black Scholes Options Pricing model and the significant assumptions made in this regard as follows :

Particulars	Year	Risk free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying share in market at the time of the Option grant (Rs.)
Grant 1	2015-16	7.10%	6	72.8%	0.54%	17.00
Grant 2	2015-16	7.10%	6	72.8%	0.54%	17.85

<b>Assumptions :</b>
<b>Stock Price :</b> Closing price 30n BSE on the previous date to the date of grant has been considered.
<b>Volatility :</b> The historical volatility over the expected life has been considered to calculate the fair value.
<b>Risk-free rate of return :</b> The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity nearly equal to the expected life of the options based on the zero-coupon yield curve Government Securities.
<b>Exercise Price :</b> Exercise Price of Rs.8 as per the ESOS-2015 considered.
<b>Expected Life :</b> Expected Life of options is the period for which the Company expects the option to be live.
<b>Expected Dividend Yield :</b> Expected dividend yield has been calculated as an average of dividend yields for the financial years preceding the date of grant.

43. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	March 31, 2016		March 31, 2015	
		In foreign currency	in Lakhs	In foreign currency	in Lakhs
Sundry Debtors	USD	50,29,109	3,335.81	6,98,8046	4,364.73
	EUR	48,700	36.59	25,139	16.88
Cash and Bank Balances	USD	4,73,459	314.05	56,435	35.24
Trade Payables	USD	31,62,440	2,101.76	50,17,004	3,139.64
Royalty	USD	25,000	16.62	146520	91.69
Borrowings	USD	37,31,841	2,480.18	64,39,411	4,029.78
Advances receivables	-	-	-	-	-
Loans and advances to related parties	-	-	-	-	-

44. Balance of debtors, loans and advances and creditors are subject to reconciliation and confirmation.



45. Figures of the previous year have been re-grouped/recast wherever necessary to conform to the current year's presentation/classification.
46. Figures are rounded off to the nearest thousands.

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Signatures to Notes 1 to 46

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

**M Bhaskara Rao**  
Partner  
Membership No.005176

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**For and on behalf of the Board**

**K.S.Raju**  
Director  
(DIN:00008177)

**R.K.S.Prasad**  
Chief Financial Officer

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)

# INDEPENDENT AUDITOR'S REPORT

To  
**The Members of Nagarjuna Agrichem Limited**  
**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of Nagarjuna Agrichem Limited ("the Holding Company") its subsidiaries, and its Associate (the Holding Company, its subsidiaries and its Associate together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (here in referred to as "the Consolidated Financial Statements").

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

## **Opinion**

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

## **Emphasis of Matter**

We draw attention to the following Notes to the financial statements:

Note No. 41 regarding claim lodged with the insurers based on the provisional assessment of loss made by the management of the fire accident in Block No.5 of the Srikakulam factory during the financial year 2012-13 in respect of totally/ partially damaged assets, inventory and other risks and treatment of the same in these Financial Statements as receivable, pending final assessment and acceptance of the same by the insurers on the date of the Balance Sheet dealt with by this report.

Our opinion is not modified in respect of above matters.

**Other Matter**

The consolidated financial statements also includes the Group's share of net profit of Rs. 91,35,370/- and net loss of Rs. Rs.16,21,974/- for the year ended 31st March,2016, as considered in the consolidated financial statements, in respect of the associate, and the wholly owned subsidiary, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the said associate and wholly owned subsidiary, and our report in terms of sub Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate and wholly owned subsidiary, is based solely on the report of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary Companies incorporated in India, none of the Directors of the Group Companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 31 to the Consolidated Financial Statements.
    - ii. The Group did not have any material foreseeable losses relating to long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India except in cases where in disputes relating to the ownership of the underlying shares have remained unresolved.

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

**(M Bhaskara Rao)**  
Partner  
Membership No.005176

Place : Hyderabad  
Date : 21st May 2016

## Annexure A to the Independent Auditors' report

### Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with the audit of the Consolidated Financial Statements of the Company as of and for the year ended 31<sup>st</sup> March 2016, we report on the internal financial controls over financial reporting of Nagarjuna Agrichem Limited, its subsidiary and an Associate incorporated in India (all of them together referred to herein after as the Group)

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

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

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations furnished to us and based on the auditors' report of the associate, the Holding Company, its subsidiary Company and the Associate, which are incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other matters**

Our report herein u/s 143(2)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the Associate incorporated in India, is based on the report of its auditors, and is not qualified in respect thereof.

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

**(M Bhaskara Rao)**

Partner

Membership No.005176

Place : Hyderabad  
Date : 21st May 2016

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016**

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
Share Capital	3	1,559.12	1,559.12
Reserves and Surplus	4	17,003.81	16,217.88
		<b>18,562.93</b>	<b>17,777.00</b>
<b>2 Non-Current Liabilities</b>			
Long-Term Borrowings	5	3,554.91	1,410.41
Deferred Tax Liabilities (Net)	6	1,800.89	1,847.69
Other Long Term Liabilities	7	1,359.73	1,249.19
Long-Term Provisions	8	202.36	149.88
		<b>6,917.89</b>	<b>4,657.17</b>
<b>3 Current Liabilities</b>			
Short-Term Borrowings	9	18,030.11	18,326.46
Trade Payables	10		
MSMED		-	-
Others		10,688.07	16,396.51
Other Current Liabilities	11	4,405.24	5,527.42
Short-Term Provisions	12	2,520.92	3,840.10
		<b>35,644.34</b>	<b>44,090.49</b>
<b>TOTAL</b>		<b>61,125.16</b>	<b>66,524.66</b>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
Fixed Assets			
(i) Tangible Assets	13	16,003.04	17,353.83
(ii) Intangible Assets	14	667.24	215.77
(iii) Capital Work-in-Progress	15	233.21	625.77
(iv) Intangible Assets Under Development		338.92	561.19
Non-Current Investments	16	1,250.81	1,159.42
Long-Term Loans and Advances	17	1,030.67	1,202.67
		<b>19,523.89</b>	<b>21,118.65</b>
<b>2 Current Assets</b>			
Inventories	18	18,314.49	18,642.20
Trade Receivables	19	18,827.07	22,147.02
Cash and Cash Equivalents	20	1,362.96	1,249.58
Short-Term Loans and Advances	21	2,356.69	2,341.50
Other Current Assets	22	740.06	1,025.72
		<b>41,601.27</b>	<b>45,406.01</b>
<b>Total</b>		<b>61,125.16</b>	<b>66,524.66</b>
<b>Significant Accounting Policies and Notes on Financial Statements</b>	1 to 52		

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

For and on behalf of the Board

**M Bhaskara Rao**  
Partner  
Membership No.005176

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**  
(₹ in Lakhs)

Particulars	Note No.	for the Year ended 31 <sup>st</sup> March 2016	for the Year ended 31 <sup>st</sup> March 2015
<b>I. Revenue from Operations</b>			
Sales	23	80,213.74	85,963.18
Less: Excise Duty & Vat		11,042.76	11,411.72
		69,170.98	74,551.46
<b>II. Other Income</b>	24	1,855.80	2,595.84
<b>III. Total Revenue (I + II)</b>		71,026.78	77,147.30
<b>IV. Expenses:</b>			
Cost of Materials Consumed	25	39,652.84	47,405.22
Purchase of Stock in Trade		3,432.79	4,981.51
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	692.99	(3,014.86)
Employee Benefits Expense	27	5,544.41	4,907.05
Finance Costs	28	3,703.02	3,491.69
Depreciation and Amortization Expenses	29	2,676.22	2,464.17
Other Expenses	30	14,253.60	15,870.77
<b>Total Expenses</b>		69,955.87	76,105.55
<b>V. Profit/(Loss) Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		1,070.91	1,041.75
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit/(Loss) Before Extraordinary Items and Tax (V - VI)</b>		1,070.91	1,041.75
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit/(Loss) Before Tax (VII- VIII)</b>		1,070.91	1,041.75
<b>X. Tax Expense:</b>			
(1) Current Tax		235.49	222.67
(2) Deferred Tax		(46.80)	59.18
(3) Prior Year's Tax		-	-
<b>XI. Profit /(Loss) for the Period (IX + X)</b>		882.22	759.90
<b>XII. Share of Profit from Associate Company</b>		91.35	74.71
<b>XIII. Profit /(Loss) for the Period (XI + XII)</b>		973.57	834.62
<b>XIV. Earnings Per Equity Share:</b>			
(1) Basic		0.62	0.54
(2) Diluted		0.62	0.54

**Significant Accounting Policies and Notes on Financial Statements 1 to 52**

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

**For and on behalf of the Board**

**M Bhaskara Rao**  
Partner  
Membership No.005176

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(₹ in Lakhs)

Particulars	for the Year ended 31 <sup>st</sup> March 2016		for the Year ended 31 <sup>st</sup> March 2015	
	Amount	Amount	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS</b>	<b>1,070.91</b>	<b>1,070.91</b>	1,041.75	1,041.75
<b>Extraordinary Items</b>	-	-	-	-
<b>Adjustments for:</b>				
<b>Add:</b>				
Depreciation & Amortisation Expenses	2,676.22		2,464.17	
Foreign Exchange Fluctuations-Unrealised Loss	334.21		209.16	
Loss on Sale/Discarded of Fixed Assets	26.20		18.34	
Interest	3,703.02		3,491.69	
<b>Less:</b>		<b>6,739.65</b>		6,183.36
Profit on Sale of Assets	13.14		3.74	
		<b>13.14</b>		3.74
Operating Profit Before Working Capital Changes		<b>7,797.42</b>		7,221.37
<b>Adjustments for:</b>				
<b>Less:</b>				
Increase in Trade Receivables			6,102.87	
Increase in Inventories			1,011.70	
Increase in Other Current Assets	-		-	
Increase in Short Term Loans & Advances	15.19		-	
Increase in Long term Liabilities & Provisions				
Decrease in Trade Payable	5,923.71		-	
Decrease in Other Current Liabilities & Short Term Provisions	1,230.70		1,135.98	
		<b>7,169.60</b>		8,250.55
		<b>627.82</b>		(1,029.19)
<b>Add:</b>				
Increase in Other Current Liabilities & Short Term Provisions			-	
Decrease in Long Term Loans & Advances	171.99		28.15	
Decrease in Trade Receivables	3,223.77		-	
Decrease in Inventories	327.72			
Increase in Long term Liabilities & Provisions	163.02		107.33	
Decrease in Short Term Loans & Advances			205.29	
Increase in Trade Payable			3,952.96	
Decrease in Other Current Assets	285.67		990.05	
<b>Cash Generated from Operations</b>		<b>4,172.17</b>		5,283.79
		<b>4,799.99</b>		4,254.61
<b>Less:</b>				
Taxes Paid	235.49	235.49	222.67	222.67
Cash Flow Before Extraordinary Items		<b>4,564.50</b>		4,031.94
Prior Year Taxes (Net)				-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>4,564.50</b>		4,031.94

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(₹ in Lakhs)

Particulars	for the Year ended 31 <sup>st</sup> March 2016		for the Year ended 31 <sup>st</sup> March 2015	
	Amount	Amount	Amount	Amount
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>B. Inflow:</b>				
Sale/Retirement of Fixed Assets	162.82		124.63	
Capital Work-in-Progress		162.82	-	124.63
<b>Outflow:</b>				
Investments	0.03		169.78	
Purchase of Fixed Assets	1,337.96		1,775.48	
Capital Work-in-Progress		1,337.99	-	1,945.26
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(1,175.17)</b>		<b>(1,820.63)</b>
<b>C. CASH FLOW FROM FINANCEING ACTIVITIES</b>				
<b>Proceeds from Long Term / Short Term Borrowings:</b>				
<b>In flow:</b>				
Long Term Borrowings	2,219.56		520.00	
Short Term Borrowings			2,720.26	
<b>Outflow:</b>		2,219.56		3,240.26
Long Term Borrowings	1,409.17		2,346.65	
Short Term Borrowings	319.11		-	
Working Capital Loans			-	
Interest Paid	3,701.85		3,482.55	
Deferred Payment Liabilities	65.38		68.47	
Corporate Dividend Tax	-		-	
Equity Dividend	-		-	
Dividend Tax Paid	-	5,495.51	-	5,897.67
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(3,275.95)</b>		<b>(2,657.41)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS (A+B+C)		113.38		(446.10)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,249.58		1,695.68
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,362.96		1,249.58

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

For and on behalf of the Board

**M Bhaskara Rao**  
Partner  
Membership No.005176

**K.S.Raju**  
Director  
(DIN:00008177)

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2016

### 1. Corporate Information:

**NAGARJUNA AGRICHEM LTD**, is a Public Limited Company listed with Bombay Stock Exchange. It is part of the Nagarjuna group based at Hyderabad. The Company is in the business of Crop Protection and manufactures both Technicals (Active Ingredient -AI) and Formulations. It manufactures all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. The Company's Formulation Business is mainly in the Indian Market and sells through its large retail dealer network of nearly 11000 dealers, spread across India. The Company has an impressive range of branded formulations. It also exports Technicals and formulations and does Toll Manufacture for various Multinational Companies.

### 2. Significant Accounting Policies:

#### A. Accounting Convention:

The financial statements are prepared on the going concern assumption, under the historical cost convention, in accordance with the generally accepted principles and provisions of the Companies Act, 2013, 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 the estimates. Any revision to such estimates is recognized in the period the same is determined.

#### C. Fixed Assets:

- Fixed assets are stated at historical cost. (Net of Modvat / Cenvat Credit availed), less accumulated depreciation and impairment loss if any.
- Capital Work-in-progress is stated at amount expended upto the date of the Balance Sheet.
- 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.
- Expenditure incurred on Research & Development projects is considered as Intangible Assets on completion of the project and put into commercial use.

#### D. Depreciation:

Depreciation is provided based on useful life of the fixed assets as specified in Schedule II of the Companies Act, 2013.

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

#### E. Intangibles:

- Goodwill is amortised over a period of Ten years.
- SAP Upgrade License/ Implementation fees is amortised over a period of twenty four months.
- Intangible assets on account of R&D Projects amortised over a period of 36 months.

#### F. Long Term Investments:

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

#### G. Inventory:

Inventories are valued at lower of cost and net realizable value.

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

- Raw materials - at lower of cost and net realizable value.
- Work-in-process - at cost.
- Finished goods - at lower of cost and net realisable value. Cost includes cost of direct material, labour, factory overheads inclusive of excise duty.
- Stores & Spares, Packing material - at lower of cost and net realizable value.
- 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. Company's contributions to the above fund are charged to the Profit & Loss Account, on accrual.
- 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. The contribution to the said fund is charged to the Profit & Loss Account, on accrual.
- 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, and is charged to Profit & Loss Account, on accrual.
- d) **Employee Stock Option Scheme** : In respect of the options granted under the Nagarjuna Agrichem Ltd., Employees Stock Options Scheme, in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in compliance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, the cost of stock options granted to employees are accounted by the Company using the intrinsic value method and the cost based on excess of market value over the exercise price is recognised in the accounts over the vesting period on time proportion basis.

**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. Income Taxes:**

Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred tax reflects the effect in the current period of timing differences originating and reversing between taxable income and accounting income for the period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available, except that deferred tax assets in case of unabsorbed depreciation or losses under tax laws, are recognised only if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

**N. Impairment of Assets:**

Impairment of an asset is reviewed and recognized in the event 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. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

**O. Contingencies:**

The Company recognizes provisions when there is a 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 segment information is disclosed if any required in accordance with the standard.

**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. 3: Share Capital****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised</b> 200,000,000 equity shares of ₹ 1/- each (Previous Year 200,000,000 equity shares of ₹ 1/- each)	<b>200,000,000</b>	<b>2,000.00</b>	200,000,000	2,000.00
<b>Issued, Subscribed &amp; Paid up</b> 155,911,508 Equity Shares of ₹ 1/- each (Previous Year 155,911,508 Equity Shares of ₹ 1/- each)	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12
<b>TOTAL</b>	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12

**a) Reconciliation of Share Capital****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	Number of Shares	Amount	Number of Shares	Amount
Share capital at the beginning of the year (equity shares of ₹ 1/- each)	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12
Add : Bonus Shares issued during the year (equity shares of ₹ 1/- each)	-	-	-	-
Share capital at the end of the year (equity shares of ₹ 1/- each)	<b>155,911,508</b>	<b>1,559.12</b>	155,911,508	1,559.12

**b) Rights, Preferences and Restrictions attached to equity shares**

The Company has only one class of Equity shares having a par value of ₹ 1/- per share. Each holder of Equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

**c) Shares in the Company held by the Holding Company and Other Share holders holding more than 5%**

Particulars	As at 31 <sup>st</sup> March 2016			As at 31 <sup>st</sup> March 2015		
	% of share holding	Number of Shares held	Amount	% of share holding	Number of Shares held	Amount
<b>Share Capital</b>						
KLR Products Limited Holding Company	<b>72.88%</b>	<b>113,623,500</b>	<b>1,136.24</b>	72.88%	113,623,500	1,136.24

**d) Equity Shares reserved for issue under employee stock options outstanding as at the end of the year :**

Summary of Stock Option	No. of Stock Options
Options Reserved	11,50,000
Options Outstanding as on 01.04.2015	Nil
Options granted during the year	9,30,000
Options forfeited / lapsed during the year	Nil
Options exercised during the year	Nil
Options Outstanding as on 31.03.2016	9,30,000
Options vested but not exercised as on 31.03.2016	Nil

**Note No. 4: Reserves & Surplus**

(₹ in Lakhs)

Particulars	As at	
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>a. Capital Reserve</b>		
Opening Balance	37.06	37.06
Transfer	0.00	0.00
Utilised	0.00	0.00
<b>Closing Balance</b>	<b>37.06</b>	<b>37.06</b>
<b>b. Securities Premium Account</b>		
Opening Balance	178.54	178.54
Add : Securities premium credited on Share issue	0.00	0.00
Less : Utilised	0.00	
<b>Closing Balance</b>	<b>178.54</b>	<b>178.54</b>
<b>c. General Reserve</b>		
Opening Balance	4,175.00	4,175.00
Add: Transferred from surplus	0.00	
Deductions during the year	0.00	0.00
<b>Closing Balance</b>	<b>4,175.00</b>	<b>4,175.00</b>
<b>d. Surplus</b>		
Opening balance	11,827.28	11,484.23
<b>Less:</b> Depreciation on assets where useful life is completed as on 01st April 2014 (Net of Reversal of Deferred Tax Liability of ₹ 1,45,95,933/-), pursuant to introduction of Schedule-II of Companies Act, 2013	0.00	303.91
<b>Add:</b> Net Profit/(Net Loss) For the current year	973.57	834.61
Amount available for appropriations	0.00	0.00
<b>Less:</b> Interim Dividends	0.00	0.00
<b>Less:</b> Final Dividends	187.65	187.65
Transferred to General Reserve	0.00	
<b>Closing Balance</b>	<b>12,613.21</b>	<b>11,827.28</b>
<b>TOTAL (a to d)</b>	<b>17,003.81</b>	<b>16,217.88</b>

**Note No. 5: Long-Term Borrowings**

(₹ in Lakhs)

Particulars	Non Current		Current	
	As at	As at	As at	As at
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>Long-Term Borrowings:</b>				
<b>Secured:</b>				
(a) Term loans from (Refer Note No.a to f)				
- Banks (Rupee Loans)	3,464.55	1,244.99	1,582.50	2,991.67
- Other parties.	0.00	0.00	0.00	0.00
<b>Un Secured:</b>				
(b) Deferred payment liabilities. (Refer Note No (h))	90.36	165.41	75.05	65.37
<b>TOTAL</b>	<b>3,554.91</b>	<b>1,410.41</b>	<b>1,657.55</b>	<b>3,057.04</b>

**Notes :**

- a) Term Loan availed from State Bank of India is secured by way of first charge on fixed assets of the Company and second charge on current assets of the Company along with other working capital lenders.
- b) Working Capital Term Loans availed from New India Co-operative Bank Ltd are secured by way of first charge on fixed assets of the Company and other movable assets on pari passu basis with other term loan lenders.
- c) Term Loan availed from SVC Co-Op Bank Ltd. is secured by way of first charge on fixed assets of the Company and Second charge on current assets to be shared with other term lenders .
- d) Corporate Loan from State Bank of India outstanding at ₹ 250 lakhs included in Term Loans from Banks above, is guaranteed by Sri K.S. Raju a Director of the Company.
- e) Corporate Loan from SVC Co-Operative Bank Ltd. outstanding at ₹ 3000 lakhs included in Term Loans from Banks above, is guaranteed by Smt. K.Lakshmi Raju a Director of the Company.
- f) All Credit facilities extended by State Bank of India are further secured by pledge of Promoter Shareholding equal to 30% of the Company's equity.

**g) Terms of Repayment:****(₹ in Lakhs)**

Bank / Institution	Terms of repayment			
	Balance principal amount as on 31.03.2016	Number of Instalments	Frequency	Repayment Commencing from
State Bank of India	250	12	Quarterly	Dec-13
New-India Co-operative Bank Ltd.	125	4	Quarterly	Dec-14
New-India Co-operative Bank Ltd.	370	4	Quarterly	Feb-16
New-India Co-operative Bank Ltd.	700	8	Quarterly	Jul-16
New-India Co-operative Bank Ltd.	600	8	Quarterly	Jan-17
SVC Co-Op Bank Ltd	3,000	18	Quarterly	Sep-16
<b>TOTAL</b>	<b>5,045</b>			

**h) Deferred Payment Liabilities:**

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 Lacs. The Sales Tax deferred in a year is payable at the end of 14th year without interest. Since financial year 2006-07 the Company has decided not to avail the Sales Tax deferment. First repayment commenced from 25.09.2013 as prescribed in the order. Based on the Sales Tax Returns the sales tax so deferred aggregates to ₹ 165.41 Lacs as at the balance sheet date. (Previous Year ₹ 230.79 Lacs).

**Note No. 6: Deferred Tax Liabilities (Net)****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>a) Deferred tax liability comprise the following:</b>		
Fixed assets-(Depreciation)	1,872.37	1,985.49
Others	0.00	0.00
<b>TOTAL (a)</b>	<b>1,872.37</b>	<b>1,985.49</b>
<b>b) Deferred tax Assets comprise the following:</b>		
Disallowances as per Section 43B and Section 40(a) of the Income Tax Act, 1961	0.00	49.67
Unabsorbed depreciation as per tax laws	71.48	88.13
<b>TOTAL (b)</b>	<b>71.48</b>	<b>137.80</b>
<b>TOTAL NET (a-b)</b>	<b>1,800.89</b>	<b>1,847.69</b>

**Note No. 7: Other Long Term Liabilities****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Trade Deposits from Dealers:</b>	<b>1,359.73</b>	1,249.19
Others	0.00	0.00
<b>TOTAL</b>	<b>1,359.73</b>	1,249.19

**Note No.8: Long-Term Provisions****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Provision for Employee Benefits:</b>		
Leave Encashment (unfunded)	202.36	149.88
<b>TOTAL</b>	<b>202.36</b>	149.88

**Note No.9: Short-Term Borrowings****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(i) Short -Term Borrowings:</b>		
<b>Secured:</b>		
(a) Loans Repayable on Demand from Banks.*	18,030.11	17,076.46
<b>UnSecured:</b>		
(a) Other parties.	0.00	1,250.00
<b>TOTAL</b>	<b>18,030.11</b>	18,326.46

\* Loans Repayable on Demand from Banks (along with Non Fund Based Limits of Letters of Credit and Bank Guarantees) from the Consortium i.e. State Bank of India, IDBI Bank Ltd & HDFC Bank Ltd are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge on the Company's immovable and hypothecation of movable properties, both present and future, ranking pari passu with other Working Capital Lenders. The above are also guaranteed by Sri K.S.Raju, a Director of the Company.

**Note No.10: Trade Payables****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Trade Payables:</b>		
MSMED Vendors (Refer Note No.a)	-	-
Others	10,688.07	16,396.51
<b>TOTAL</b>	<b>10,688.07</b>	16,396.51

**Note:**

- a) The Company has not received confirmations for the current year about the status under The Micro, Small and Medium Enterprises Development Act, 2006, from various creditors, consequent to which, the classification of dues to such Enterprises can not be compiled as at the Balance Sheet date.

**Note No.11: Other Current Liabilities****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(a) Secured:</b>		
Current maturities of long term borrowings (Refer Note No.5 (a to g))	1,582.50	2,991.67
Interest accrued but not due (Refer Note No.5 (a to g))	50.55	49.38
<b>(b) Unsecured:</b>		
Capital Creditors	243.48	451.14
Un claimed Dividends (Refer Note No.a)	47.45	60.17
Advances from customers-Domestic	1,526.77	1,088.57
Other Liabilities	879.44	821.12
Deferred payment liabilities.(Refer Note No.5 h)	75.05	65.37
<b>TOTAL</b>	<b>4,405.24</b>	<b>5,527.42</b>

**Note:**

- a) As at the date of this Balance Sheet, there are no amounts of Unclaimed dividends due for remittance to the Investor Education & Protection Fund.

**Note No.12: Short Term Provisions****(₹ in Lakhs)**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(a) Provision for employee benefits:</b>		
Gratuity Premium accrued but not due to the fund	202.55	129.11
Leave Encashment (unfunded)	4.19	3.20
<b>(b) Provision for:</b>		
Income Tax	0.00	0.00
Wealth Tax	0.00	0.17
Corporate Dividend Tax	31.74	31.74
<b>(c) Other Provisions</b>	<b>2,126.53</b>	<b>3,519.97</b>
<b>(d) Proposed Equity Dividend</b>	<b>155.91</b>	<b>155.91</b>
<b>TOTAL</b>	<b>2,520.92</b>	<b>3,840.10</b>

## Note No.13: Fixed Assets

(₹ in Lakhs)

Particulars	Gross Block			Accumulated Depreciation/Amortisation				Net Block		
	Balance as at 01 <sup>st</sup> April 2015	Additions	Sales / adjust- ments	Balance as at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April 2015	for the year	Adjustment due to revalua- tions/ transfers	Sales /adjust- ments	Balance as at 31 <sup>st</sup> March 2016	Balance as at 31 <sup>st</sup> March 2015
<b>a</b>										
<b>Tangible Assets</b>										
Land	441.60	0.00	0.00	441.60	0.00	0.00	0.00	0.00	441.60	441.60
Buildings	5,041.05	268.68		5,309.73	1,479.76	153.85	0.00	0.00	3,676.12	3,561.29
Plant and Equipment	30,091.72	908.83	0.51	31,000.04	17,341.33	2,291.60	0.00	0.20	19,632.73	12,750.39
Furniture and Fixtures	589.31	5.51	0.00	594.82	209.12	62.29	0.00	0.00	271.41	380.19
Vehicles	184.50	15.96	53.58	146.88	122.86	18.87	0.00	38.91	102.82	61.64
Office equipment	213.58	17.30	3.23	227.65	153.43	26.83	0.00	1.19	179.07	60.15
Computers & peripherals	483.80	59.46	23.92	519.34	385.23	52.38	0.00	20.22	417.39	98.57
<b>TOTAL</b>	37,045.56	1,275.74	81.24	38,240.06	19,691.73	2,605.82	-0.00	60.52	22,237.03	17,353.83
<b>Less: Depreciation Capitalised during the year</b>						133.28				
Depreciation taken to Statement of Profit and Loss						2,472.54				
<b>Note No.14</b>										
<b>b</b>										
<b>Intangible Assets</b>										
Goodwill	121.40		0.00	121.40	121.40	0.00	0.00	0.00	121.40	0.00
SAP Upgradation licence / Implementation fee	324.20	0.00	0.00	324.20	198.63	39.74	0.00	0.00	238.37	125.57
R&D Projects	120.61	677.04	27.21	770.44	30.41	163.94	0.00	5.32	189.03	90.20
Technical Knowhow	65.00	0.00		65.00	65.00	0.00	0.00	0.00	65.00	
<b>TOTAL</b>	631.21	677.04	27.21	1,281.04	415.44	203.68	0.00	5.32	613.80	215.77
<b>Note No.15</b>										
<b>c</b>										
<b>Capital Work In Progress</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	625.77
<b>d</b>										
<b>Intangible Assets under development</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	561.19
<b>TOTAL</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,186.96
<b>GRAND TOTAL</b>	37,676.77	1,952.78	108.45	39,521.10	20,107.17	2,676.22	0.00	65.84	22,850.83	18,756.55
Previous Year	35,386.85	2,386.65	96.74	37,676.77	17,150.63	2,464.17	449.86	71.91	18,756.56	20,034.34

**Note No.16: Non-Current Investments**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>a) Un quoted:</b>		
<b>Associate (Trade Investments):</b>		
- Nasense Labs Pvt.Ltd., (Formerly USP Organics Pvt Ltd) (49,36,052 Equity shares of ₹ 10/- each, Previous year 49,36,052)	<b>493.60</b>	493.60
Add : Share of Profit for the current year	<b>91.35</b>	74.71
Add : Share of Profit for the previous years	<b>160.82</b>	86.11
Net Value of Investment	<b>745.78</b>	654.42
<b>b) Others (Non-Trade Investments):</b>		
- Nagaarjuna Shubho Green Technologies Private Ltd. (5,00,000 10% Cumulative Redeemable Preference Shares of ₹ 100/- each, Previous year 5,00,000)	<b>500.00</b>	500.00
- New India Co-Operative Bank Ltd (50,000 Equity Shares of ₹ 10/- each, Previous year 50,000)	<b>5.00</b>	5.00
- SVC Co-Operative Bank Ltd (100 Equity Shares of ₹ 25/- each, Previous year nil)	<b>0.03</b>	0.00
<b>TOTAL (Aggregate amount of unquoted investments)</b>	<b>1,250.81</b>	1,159.42

**Note No.17: Long-Term Loans and Advances**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(Unsecured, considered good)</b>		
Loan to an Associate Company - Nasense Labs Pvt.Ltd.,	<b>167.00</b>	167.00
Income tax (net of provisions) - Advance / paid under protest	<b>497.40</b>	494.31
Prepaid Expenses	<b>2.51</b>	5.02
Deposits with Government, Public Bodies and Others	<b>21.53</b>	18.98
Electricity and Other Deposits	<b>209.66</b>	205.30
Balance with Customs, Central Excise etc.,	<b>15.63</b>	197.15
Rental and Other Deposits (Refer Note 17 (a))	<b>115.76</b>	113.70
Telephone Deposit	<b>1.18</b>	1.21
<b>TOTAL</b>	<b>1,030.67</b>	1,202.67

**Note 17 (a) :** Includes ₹ 50.15 lakhs (previous year ₹ 50.15 lakhs) with Smt. K.Lakshmi Raju, a Director of the Company

**Note No.18: Inventories**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(Refer Note No.2 G)</b>		
Raw Materials [including in transit ₹ 513.36 lakhs (previous year 681.67 lakhs)]	6,196.01	5,110.82
Work-in Progress	708.35	475.77
Finished Goods	9,635.09	10,560.66
Stock of Traded Goods	719.68	1,553.62
Packing Materials	592.13	489.39
Stores and Spares	463.23	451.94
<b>TOTAL</b>	<b>18,314.49</b>	<b>18,642.20</b>

**Note No.19: Trade Receivables**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Unsecured and considered good:</b>		
Due for a Period More than Six Months	2,059.03	2,058.73
Others	16,768.04	20,088.28
<b>TOTAL</b>	<b>18,827.07</b>	<b>22,147.01</b>

**Note No.20: Cash and Cash Equivalents**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
a. Cash on Hand	17.58	10.31
b. Balances with Banks		
1) In Current Accounts		
- Rupee Accounts	982.88	1,142.85
- Foreign Currency Accounts	314.05	35.25
2) Earmarked Accounts - Unclaimed Dividend	47.45	60.17
3) Bank Deposits with more than 12 Months Maturity	1.00	1.00
<b>TOTAL</b>	<b>1,362.96</b>	<b>1,249.58</b>

**Note No.21: Short-Term Loans and Advances**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Unsecured and Considered Good:</b>		
Advance Income Taxes & TDS (net of provisions)	280.05	173.93
Prepaid Expenses	185.63	90.28
Loans and Advances to Employees	2.64	5.55
Balance with Customs, Central Excise etc.,	531.92	523.23
Capital Advances	86.38	98.61
Advance to Material Suppliers and Others	842.61	1,109.87
Trade Advance to Related Parties (Refer Note No.42 B)	427.46	340.02
<b>TOTAL</b>	<b>2,356.69</b>	<b>2,341.49</b>

**Note No. 22: Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Interest Accrued on Deposits & Others	106.84	77.57
Insurance Claims Receivable	627.04	948.15
Other Receivables	6.18	0.00
<b>TOTAL</b>	<b>740.06</b>	<b>1,025.72</b>

**Note No. 23: Revenue From Operation**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
<b>(a) Sale of Products:</b>		
- Agri Inputs	78,868.12	84,709.16
<b>(b) Other Operating Revenues:</b>		
- Conversion Charges	400.90	501.91
- Income from Operations	31.47	29.31
- Other Operating Income	913.25	722.80
<b>Less:</b>		
Excise Duty & VAT	11,042.76	11,411.72
<b>TOTAL</b>	<b>69,170.99</b>	<b>74,551.46</b>

**Note No. 24: Other Income**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
<b>(a) Interest Income</b>	<b>48.57</b>	<b>46.56</b>
<b>(b) Other non-operating income:</b>		
- Excess Provisions Written Back	692.74	424.44
- Profit on sale of Fixed Assets	13.14	3.74
- Bad Debts Written off Recovered	19.33	18.09
- Dividends Received on Investments	0.60	0.55
- Others	1,081.42	2,102.46
<b>TOTAL</b>	<b>1,855.80</b>	<b>2,595.84</b>

**Note No. 25: Cost of Materials Consumed**

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Raw-Material Consumption	35,407.74	43,372.82
Packing-Material Consumption	4,245.10	4,032.40
<b>TOTAL</b>	<b>39,652.84</b>	<b>47,405.22</b>

**Note No. 26: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade** (₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Opening work-in-Progress	475.77	633.23
Opening Finished Goods	10,560.66	7,388.35
<b>TOTAL</b>	<b>11,036.43</b>	<b>8,021.58</b>
Closing Work-in Progress	708.35	475.78
Closing Finished Goods	9,635.09	10,560.66
<b>TOTAL</b>	<b>10,343.44</b>	<b>11,036.44</b>
Net (increase)/Decrease in Stock	692.99	(3,014.86)

**Note No. 27: Employee Benefits Expense** (₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Salaries, Wages and Bonus	4,854.96	4,287.89
Contribution to Provident and Other Funds	266.80	242.23
Workmen and Staff Welfare Expenses	422.65	376.93
<b>TOTAL</b>	<b>5,544.41</b>	<b>4,907.05</b>

**Note No. 28: Finance Costs** (₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
(i) Interest on Term Loans	453.68	705.63
(ii) Interest on Working Capital Loans	1,865.99	1,688.49
(iii) Interest - Others	714.13	608.35
(iv) Bank Charges	351.58	271.71
(v) Financial Charges	317.64	217.51
<b>TOTAL</b>	<b>3,703.02</b>	<b>3,491.69</b>

**Note No. 29: Depreciation and Amortization Expenses** (₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
(Refer Note No. 13 to 15)		
Tangible Assets	2,472.54	2,381.78
Intangible Assets	203.68	82.39
<b>TOTAL</b>	<b>2,676.22</b>	<b>2,464.17</b>

**Note No. 30: Other Expenses****(₹ in Lakhs)**

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the Year ended 31 <sup>st</sup> March 2015
Consumption of Stores and Spare Parts	483.72	528.14
Repairs and Maintenance:		
- Buildings	44.50	36.58
- Plant & Machinery	52.64	39.29
- Others	26.59	33.88
Other Manufacturing Costs	1,337.37	2,054.95
Power and Fuel	2,814.90	3,723.53
Rent	285.67	274.97
Rates and Taxes, Excluding, Taxes on Income	60.11	44.23
Communication Expenses	108.03	109.11
Travel & Conveyance	1,225.05	1,038.60
Technical Consultancy	97.24	220.82
Legal & Professional Charges	255.31	189.18
Insurance	219.61	214.82
Directors' Sitting Fees	11.17	4.50
<b>Auditors' Remuneration:</b>		
- Audit Fee	18.25	15.25
- Taxation Matters	4.00	3.00
- Certification Fees	3.75	3.75
- Out of Pocket expenses	0.27	0.12
Cost Audit Fee	4.25	4.25
S.A.P. Annual Maintenance	33.71	33.06
R & D and Product Development Expenses	63.12	28.56
Miscellaneous Expenses	534.02	584.91
Foreign Exchange Fluctuation (Net of Gain of ₹ 219.54 lakhs)	333.18	196.86
Loss on Sale/Retirement of Fixed Assets	26.20	18.34
Bad Debts Written off	548.20	765.58
Marketing Expenses	3,614.35	3,208.72
Freight Outward	1,699.52	1,605.69
Export and Export Related Expenses	227.30	356.26
<b>TOTAL</b>	<b>14,132.03</b>	<b>15,337.17</b>
<b>DUTIES AND TAXES</b>		
Excise Duty	8,377.13	8,968.60
Less : Adjusted to Turnover	8,255.56	8,435.00
<b>TOTAL</b>	<b>121.57</b>	<b>533.60</b>
<b>TOTAL</b>	<b>14,253.60</b>	<b>15,870.77</b>

## 31. Commitments/ Contingent Liabilities:

(₹ in Lakhs)

Sl. No.	Particulars	As at 31.03.2016 ₹ in Lakhs	As at 31.03.2015 ₹ in Lakhs
<b>a.</b>	<b>Commitments/ Contingent Liabilities</b>		
(i)	Letters of Credit issued by Bankers	<b>6510.95</b>	7409.50
(ii)	Counter Guarantees given to Bankers	<b>270.00</b>	270.00
<b>b.</b>	<b>Claims against the Company not acknowledged as debts in respect of</b>		
(i)	Disputed Excise Duty (Payments made under protest Rs.14.86 Lakhs)	<b>35.13</b>	20.27
(ii)	Disputed Service Tax (Payments made under protest Rs.3.52 Lakhs)	<b>58.80</b>	12.94
(iii)	Disputed Income Tax Demands (Payments made under protest Rs.430.40 Lakhs)	<b>430.40</b>	430.40
(iv)	Disputed Sales Tax Demands (Payments made under protest Rs.30.38Lakhs)	<b>30.38</b>	8.51
<b>c.</b>	<b>Others</b>	<b>124.57</b>	118.50
<b>d.</b>	<b>Estimated amount of contracts, remaining to be executed on Capital account and not provided for (net of advance)</b>	<b>113.39</b>	172.98

32. The Company has prepared consolidated financial statements by incorporating the financial statements of its wholly owned subsidiaries i.e. L.R. Research Laboratories Pvt. Ltd. & Nagarjuna Agrichem (Australia) Pty. Ltd with its financial statements on line by line basis.

The investments of the Company in Nasense Labs Private Ltd., an Associate Company, have been accounted for in these consolidated statements under the Equity Method in accordance with AS 23 – “Accounting for Investments in Associates”

## 33. . Information pursuant to Section 129(3) of the Companies Act,2013

Statement of Financial Information of The Subsidiary Companies for The Period Ended 31.03.2016 :

(₹ in lakhs)

Sl. No.	Particulars of the Subsidiary	Name of the Subsidiary	
		LR Research Laboratories Pvt. Ltd.	Nagarjuna Agrichem (Australia) Pty. Limited
1.	<b>Financial period of the Subsidiary</b>	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
2.	<b>Shares of the Subsidiary held by the Company on the above date</b>	10000	36720
	(a) Number of shares	10000	36720
	(b) Face value	Equity shares of ₹ 10/-each	Equity shares of AUS \$.1/-each
	(c) Holding in percentage	100%	100%
3.	<b>Net Aggregate amount of profit / losses of the Subsidiary for the above financial period of the subsidiary so far they concern members of the Company:</b>		
	(a) dealt with in the accounts of the Company for the period ended 31 <sup>st</sup> March, 2016 (previous year ended 31 <sup>st</sup> March, 2015)	1.34	(16.22)
	(b) not dealt with in the accounts of the Company for the period ended 31 <sup>st</sup> March,2016 (previous year ended 31 <sup>st</sup> March, 2015)	NIL	NIL
4.	<b>Net aggregate amount of Profit / losses of the subsidiary since it became a subsidiary so far as they concern members of the Company:</b>		
	(a) dealt with in the accounts of the Company for the period ended 31 <sup>st</sup> March, 2016 (previous year ended 31 <sup>st</sup> March, 2015)	1.34	(16.22)
	(b) not dealt with in the accounts of the Company for the period ended 31 <sup>st</sup> March, 2016 (previous year ended 31 <sup>st</sup> March, 2015)	NIL	NIL

34. The Details Of The Subsidiaries In Terms Of General Circular 2/2011 Dated 08Th February, 2011 Issued By The Government Of India, Ministry Of Corporate Affairs For The Period 31.03.2016 Is As Under:

(₹ in lakhs)

S. No.	Particulars of the Subsidiary	Name of the Subsidiary	
		LR Research Laboratories Pvt. Ltd.	Nagarjuna Agrichem (Australia) Pty. Limited
01.	Share Capital	1.00	18.01
02.	Reserves and Surplus	0.40	(23.90)
03.	Total Assets	7.91	0.00
04.	Total Liabilities	7.91	0.00
05.	Details of Investments	-	-
06.	Turnover and Other Income	-	-
07.	Profit / Losses Before Taxation	1.34	(16.22)
08.	Provisions for Taxation	-	-
09.	Profit /Losses After Taxation	0.85	(16.22)
10.	Proposed Dividend	-	-

35. Disclosure of loans/advances and Investments in its own shares by the listed Companies, their subsidiaries, associates etc.

Sl.No.	Disclosures of amounts at the year end and the maximum amount of loans/ advances/Investments outstanding during the year	Amount (₹ In Lakhs)
1. Parent	Loans and advances in the nature of loans to subsidiaries by name and amount. - Nagarjuna Agrichem (Australia) Pty Limited, Australia, - LR Research Laboratories Pvt Ltd.	NA
	Loans and advances in the nature of loans to associates by name and amount. - Nasense Labs Pvt.Ltd.	166.67
	Loans and advances in the nature of loans where there is i) no repayment schedule or repayment beyond seven years or ii) no interest or interest below Section 372A of Companies Act by name and amount.	
	Loans and advances in the nature of loans to firm/Companies in which Directors are interested by name and amount.	
2. Subsidiary	Same disclosures as applicable to the parent Company in the accounts of subsidiary Company.	
3. Parent	Investments by the loanee in the shares of parent Company and subsidiary Company, when the Company has made a loan or advance in the nature of loan.	

36. A. Raw Material Consumed:

Particulars	2015-16	2014-15
	Value ₹ in Lakhs	Value ₹ in Lakhs
Raw Material *	35407.74	43372.82
<b>TOTAL</b>	<b>35407.74</b>	<b>43372.82</b>

\* 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):

Particulars	2015-16		2014-15	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	15030.44	42.45	17969.50	41.43
Indigenous	20377.30	57.55	25403.32	58.57
<b>TOTAL</b>	<b>35407.74</b>	<b>100.00</b>	<b>43372.82</b>	<b>100.00</b>

**C. Value of Stores and Spares consumed (Imported & Indigenous):**

Particulars	2015-16		2014-15	
	₹ in Lakhs	%	₹ in Lakhs	%
Indigenous	410.17	100	365.66	100
Imported	-	-	-	-

**D. Value of Imports Calculated on CIF Basis:**

(₹ in Lakhs)

Particulars	2015-16	2014-15
Raw Material	14997.03	14136.25
Capital Goods	76.27	34.22

**E. Expenditure in Foreign Currency:**

(₹ in Lakhs)

Particulars	2015-16	2014-15
Traveling Expenses	37.81	47.72
Consultancy Charges	68.78	157.94
Others including Commission	62.58	64.10

**F. Earnings in Foreign Exchange:**

(₹ in Lakhs)

Particulars	2015-16	2014-15
Export of Goods on FOB basis	14208.83	14257.91

**37. Payments to Auditors:**

(₹ in Lakhs)

Sl.No.	Particulars	2015-16	2014-15
1	Statutory Audit *	18.25	15.25
2	Tax Audit *	4.00	3.00
3	Certification *	3.75	3.75
4	Out of Pocket Expenses	0.27	0.12
	<b>TOTAL:</b>	<b>26.27</b>	<b>22.12</b>

\* Service Tax which is being claimed for set-off as input credit has not been included in the expenditure above.

**38. Expenditure on Research & Development:**

(₹ in Lakhs)

Particulars	2015-16	2014-15
<b>(A) Revenue expenditure capitalized during the year from respective heads:</b>		
- Salaries & Wages	146.52	124.08
- Contribution to PF etc	9.21	7.74
- Staff Welfare Expenses	8.92	6.72
- Chemicals Consumption	49.88	49.37
- Travel & Conveyance	5.00	3.12
- Communication	2.32	2.15
- Consultancy Charges	58.10	53.71
- Depreciation	133.27	114.42
- Repairs	9.83	14.04
- Electricity	39.87	29.80
- Other Expenses	42.44	40.79
<b>Total (A)</b>	<b>505.37</b>	<b>445.94</b>
<b>(B) Capital Expenditure</b>	<b>117.22</b>	<b>91.44</b>
<b>Total Capital Expenditure (A) + (B)</b>	<b>622.59</b>	<b>537.38</b>
<b>(C) Other Revenue Expenditure</b>	<b>75.46</b>	<b>51.06</b>

39. The supplier of three unauthorized consignments of Solar Products has accepted unconditionally the termination of the agreement vide its letter dt.21<sup>st</sup> October, 2015. The said supplier has given an undertaking to take back all the consignments and to bear all the expenses in connection with the same. The said supplier has also absolved Nagarjuna Agrichem Ltd. and/or its Group Companies from any past or future obligations and liabilities arising out of the above agreement.

**40. Borrowing Cost:**

Borrowing cost capitalized during the year is nil (the year is nil)

41. The amount standing under Claims Receivable account towards the provisional insurance claim made by the Company in connection with the damages to the assets in the fire accident on 30.06.2012 at Srikakulam Plant, stood at Rs.6.07 crs as on 31.03.2016 after adjusting the on account payment received from the Insurance Company and the realisations from the sale of scrap arising out of the said accident upto the date of the Balance Sheet.

The Company's claim has been assessed by the Surveyor and is pending final assessment and settlement by the Insurance Company.

Necessary adjustments in the accounts and the financial impact if any in respect of the aforesaid will be made on completion of final assessment and settlement of the said claim.

**42. Related Party Transactions (Disclosure as required by AS-18 "Related Party Disclosures):**

**A. Names of Related Parties and Description of Relationship:**

Sl. No	Relationship	Party
1.	Subsidiary Company	(i) Nagarjuna Agrichem (Australia) Pty Limited, Australia, (ii) LR Research Laboratories Pvt. Ltd.
2.	Holding Company	KLR Products Limited (Formerly GSR Products Limited)
3.	Associate	Nasense Labs Pvt. Ltd.,(Formerly USP Organics Pvt Ltd.)
4.	Key Management Personnel (KMP)	Mr. V.Vijay Shankar, Managing Director
5.	Enterprises over which Key Managerial Personnel are able to exercise significant influence	(i) Indo International Fertilizers Ltd. (ii) Nagaarjuna Shubho Green Technologies Private Ltd.
6.	a) Individuals who, indirectly have control on the voting power in the Company.	Mrs.K Lakshmi Raju, Director
	b) Relatives of (a) above	Mr. K.S. Raju (Father)
7.	Enterprises under the significant influence of persons having significant influence over this Company	(i) Nagarjuna Fertilizers & Chemicals Ltd. (ii) Bhagiradha Chemicals & Industries Ltd.

**B. Related Party Transactions are as Under:**

(₹ in Lakhs)

Sl No	Transaction	Subsidiary Company		Associates		Key Management Personnel		Enterprises over which Key Managerial Personnel are able to exercise significant influence		Individuals who, indirectly have control on the voting power in the Company.		Enterprises under the significant influence of persons having significant influence over this Company	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>A) TRANSACTIONS DURING THE YEAR</b>													
1	Sales	-	-	22.99	-	-	-	-	-	-	-	-	163.34
2	Purchases goods	-	-	-	-	-	-	-	-	-	-	1119.38	1124.24
3	Conversion charges (Indo International Fertilisers Ltd.)	-	-	-	-	-	-	120.00	505.01	-	-	-	-

SI No	Transaction	Subsidiary Company		Associates		Key Management Personnel		Enterprises over which Key Managerial Personnel are able to exercise significant influence		Individuals who, indirectly have control on the voting power in the Company.		Enterprises under the significant influence of persons having significant influence over this Company	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
4	Consultancy Charges	30.52	-	-	-	-	-	-	-	-	-	-	-
5	Building , Equipment & Godown rents -Expense	-	-	-	-	-	-	-	-	127.79	121.77	-	-
6	Godown rent- Income	-	-	-	-	-	-	-	-	-	-	6.00	6.00
7	Managerial Remuneration	-	-	-	-	76.61	74.08	-	-	-	-	-	-
8	Advance payments	-	0.15	-	-	-	-	-	-	-	-	-	-
9	Investments	10.28	7.68	-	-	-	-	-	169.77	-	-	-	-
<b>B) BALANCE AS AT 31<sup>st</sup> MARCH</b>													
10	Credit balances outstanding as on 31 <sup>st</sup> March	3.11	-	-	-	-	-	-	-	-	224.03	270.30	-
11	i)Trade Debit balances outstanding as on 31 <sup>st</sup> March	-	-	24.00	86.36	-	-	427.46	340.02	-	-	-	-
	ii) Debit balances (Unsecured Loan) outstanding as on 31 <sup>st</sup> March	-	-	234.61	219.19	-	-	-	-	-	-	-	-
12	Rental Deposits (Debit balance)	-	-	-	-	-	-	-	-	50.15	50.15	-	-
13	Total Investment as on 31 <sup>st</sup> March	19.02	8.72	493.60	493.60	-	-	500.00	500.00	-	-	-	-

43. Minimum remuneration, in accordance with the provisions of Schedule V to the Companies Act, 2013, has been paid to the Managing Director, owing to the inadequacy of profits computed in accordance with Sec 198 of The Companies Act 2013.
44. Provision has been made during the year for Minimum Alternate Tax (MAT) in accordance with the provisions of The Income Tax Act, 1961. As a prudent measure MAT Credit in respect of the said provision for the current year has not been recognized and will be reviewed and recognized at the appropriate time in subsequent years.

## 45. Earnings per Share : The computation of EPS is as follows:

(₹ in Lakhs)

Sl. No.	Particulars	2015-16	2014-15
	Profit / (Loss) for the year after Tax	974	834
	No. of Equity Shares of Re.1/- each :		
	(a) Basic	15,59,11,508	15,59,11,508
	Add : Effect of Dilutive issue of Employees Stock Options	4,93,697	---
	(b) Diluted	15,64,05,205	15,59,11,508
	Earnings Per Share in Rs.		
	- Basic	0.62	0.54
	- Diluted	0.62	0.54

## 46. 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 2015-16	FY 2014-15
Employer's Contribution to Provident Fund	116.35	118.70
Employer's Contribution to Pension Scheme	119.32	89.38

## B. Defined Benefit Plan:

Liability for retiring gratuity as on March 31, 2016 is ₹ 489.67 Lacs (as on March 31, 2015 – ₹ 411.65 Lacs) of which ₹ 287.12 Lacs (as on March 31, 2015- ₹ 300.73 Lacs) is funded with Life Insurance Corporation of India 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)

Sl.No.	Particulars	31.03.2016	31.03.2015
<b>1</b>	<b>Actuarial Assumptions</b>		
	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
<b>2</b>	<b>Table Showing changes in present value of Obligation as on 31/03/2016</b>		
	Present value of obligations as at beginning of year	318.22	238.50
	Interest cost	25.46	19.08
	Current Service Cost	41.45	38.83
	Benefits Paid	(43.60)	(16.82)
	Actuarial (gain)/ loss on obligations	(54.59)	38.63
	Present value of obligations as at end of year	286.92	318.22
<b>3</b>	<b>Table showing changes in the fair value of plan assets as on 31/03/2016</b>		
	Fair value of plan assets at beginning of year	300.73	292.01
	Expected return on plan assets	23.34	25.54
	Contributions	-	-
	Benefits Paid	(43.60)	(16.82)
	Actuarial gain/(loss) on Plan assets	-	-
	Fair value of plan assets at the end of year	287.12	300.73

(₹ in Lakhs)

SI.No.	Particulars	31.03.2016	31.03.2015
<b>4</b>	<b>Table showing fair value of plan assets</b>		
	Fair value of plan assets at beginning of year	300.73	292.01
	Actual return on plan assets	23.34	25.54
	Contributions	-	-
	Benefits Paid	(43.60)	(16.82)
	Fair value of plan assets at the end of year	280.47	300.73
	Funded status	(6.45)	(17.48)
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)	-	-
<b>5</b>	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial (gain)/ loss on obligations	54.59	(38.63)
	Actuarial (gain)/ loss for the year - plan assets	-	-
	Actuarial (gain)/ loss on obligations	(54.59)	38.63
	Actuarial (gain)/ loss recognized in the year	(54.59)	38.63
<b>6</b>	<b>The amounts to be recognized in the balance sheet and statements of profit and loss</b>		
	Present value of obligations as at the end of year	286.92	318.21
	Fair value of plan assets as at the end of the year	280.47	300.73
	Funded status	(6.45)	(17.48)
	Net asset/(liability) recognized in balance sheet	(6.45)	(17.48)
<b>7</b>	<b>Expenses Recognised in statement of Profit and loss</b>		
	Current Service cost	41.45	38.83
	Interest Cost	25.46	19.08
	Expected return on plan assets	(23.34)	(25.54)
	Net Actuarial (gain)/ loss recognized in the year	(54.59)	38.63
	Past Service Cost	-	-
	Expenses recognised in statement of Profit and loss	(11.02)	70.99

The obligation of **Leave Encashment** is recognized based on actuarial valuation made by an Independent actuary at the end of the financial year.

### C. Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015”

- i) The “Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme” (hereinafter referred to as “ESOS-2015”) was approved by the Shareholders in the 28th Annual General Meeting of the Company held on 28th September, 2015. The scheme is to be administered by the Compensation Committee of the Board of Directors, set up for the purpose.
- ii) Under the Scheme, 11,50,000 options have been reserved to be issued to the eligible employees, with each option conferring a right upon such employee to apply for one equity share of Re.1/- each of the Company. The options granted under the Scheme would vest after a minimum period of one year from the date of grant and may spread over a maximum period of five years after the aforesaid one year. The options granted to the employees would be capable of being exercised within a period, commencing from the date of vesting and shall expire on completion of two years from the date of vesting;
- iii) Pursuant to ESOS-2015, the Company has, during the year, granted 9,30,000 (Nine Lakhs Thirty Thousand Only) options with a vesting period spread over maximum period of five years commencing after the aforesaid one year from the date of grant. The exercise price of Rs. 8/- (Rupees Eight Only) per share being less than the closing market price prevailing on the date prior to the date of grant, there arises deferred compensation cost which is to be suitably amortized over the period during which the vested options are to be exercised, in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

## iv) Summary of Stock Option

Summary of Stock Option	No. of Stock Options
Options Reserved	11,50,000
Options Outstanding as on 01.04.2015	Nil
Options granted during the year	9,30,000
Options forfeited / lapsed during the year	Nil
Options exercised during the year	Nil
Options Outstanding as on 31.03.2016	9,30,000
Options vested but not exercised as on 31.03.2016	Nil

## v) Information in respect of options outstanding as at 31st March, 2016

Particulars	Date of Grant	Exercise Price Rs.	No. of Options	Fair Value as on 31.03.2016 Rs.
Grant 1	29.09.2015	8.00	8,70,000	13.33
Grant 2	06.11.2015	8.00	60,000	14.10

## vi) The Fair Value has been calculated using the Black Scholes Options Pricing model and the significant assumptions made in this regard as follows :

Particulars	Year	Risk free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying share in market at the time of the Option grant (Rs.)
Grant 1	2015-16	7.10%	6	72.8%	0.54%	17.00
Grant 2	2015-16	7.10%	6	72.8%	0.54%	17.85

<b>Assumptions :</b>
<b>Stock Price :</b> Closing price on BSE on the previous date to the date of grant has been considered.
<b>Volatility :</b> The historical volatility over the expected life has been considered to calculate the fair value.
<b>Risk-free rate of return :</b> The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity nearly equal to the expected life of the options based on the zero-coupon yield curve Government Securities.
<b>Exercise Price :</b> Exercise Price of Rs.8 as per the ESOS-2015 considered.
<b>Expected Life :</b> Expected Life of options is the period for which the Company expects the option to be live.
<b>Expected Dividend Yield :</b> Expected dividend yield has been calculated as an average of dividend yields for the financial years preceding the date of grant.

## 47. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	March 31, 2016		March 31, 2015	
		In foreign currency	in Lakhs	In foreign currency	in Lakhs
Sundry Debtors	USD	50,29,109	3,335.81	6,98,8046	4,364.73
	EUR	48,700	36.59	25,139	16.88
Cash and Bank Balances	USD	4,73,459	314.05	56,435	35.24
Trade Payables	USD	31,62,440	2,101.76	50,17,004	3,139.64
Royalty	USD	25,000	16.62	146520	91.69
Borrowings	USD	37,31,841	2,480.18	64,39,411	4,029.78
Advances receivables	-	-	-	-	-
Loans and advances to related parties	-	-	-	-	-

**48. Additional Information, as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries / Associates**

Name of the Enterprise	As at 31st March, 2016		For the year ended 31st March, 2016		As at 31st March, 2015		For the year ended 31st March, 2015	
	Net Assets i.e. total assets minus total liabilities		Share in Profit or loss		Net Assets i.e. total assets minus total liabilities		Share in Profit or loss	
	As % of consolidated net assets	Amount (Rs. Lakhs)	As % of consolidated profit or loss	Amount (Rs. Lakhs)	As % of consolidated net assets	Amount (Rs. Lakhs)	As % of consolidated profit or loss	Amount (Rs. Lakhs)
<b>Parent</b>								
Nagarjuna Agrichem Limited	98.77	18,334.90	92.20	897.59	99.14	17,624.97	92.03	768.05
<b>Subsidiaries</b>								
Indian								
1. LR Research Laboratories Private Limited	0.00	0.60	0.09	0.85	0.00	-0.25	-0.06	-0.48
Foreign								
1. Nagarjuna Agrichem (Australia) Pty Limited, Australia	-0.03	-5.89	-1.67	-16.22	0.00	0.05	-0.92	-7.67
<b>Minority Interests in all subsidiaries</b>								
<b>Associates (investments as per the equity method)</b>								
Indian								
1. Nasanse Labs Pvt Ltd			9.38	91.35			8.95	74.71
Foreign								
Nil								
Adjustments arising out of consolidation	1.26	233.32			0.86	152.23		
<b>Total</b>	<b>100.00</b>	<b>18,562.93</b>	<b>100.00</b>	<b>973.57</b>	<b>100.00</b>	<b>17,777.00</b>	<b>100.00</b>	<b>834.61</b>

49. Particulars of Loans and Advances in the nature of Loans as required by Regulations 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Rs.in Lakhs)

Sl. No.	Name of the Company	Balance as at		Maximum Outstanding during	
		March 31, 2016	March 31, 2015	2015-16	2014-15
A	<b>Subsidiaries :</b>				
	1) LR Research Laboratories Private Ltd. 2) Nagarjuna Agrichem (Australia) Pty. Ltd.	---	---	---	---
B	<b>Associate :</b> Nasense Labs Pvt. Ltd.	167.00	167.00	167.00	167.00

50. Particulars of Loans, Guarantees or Investments covered by Section 186 of the Companies Act, 2013 :

Loans, Guarantees given or Investments made as at 31<sup>st</sup> March, 2016.

Name of the entity	Relation	Loan given Rs. Lakhs	Outstanding Amount as at March 31 <sup>st</sup> 2016 Rs. Lakhs	Particulars of Loans, Guarantees given	Purpose for which the loans are proposed to be utilized
Nasense Labs Pvt. Ltd.	Associate	250.00	167.00	Loan	For Operational Requirements

51. Balance of debtors, loans and advances and creditors are subject to reconciliation and confirmation.
52. Figures of the previous year have been re-grouped/recast wherever necessary to conform to the current year's presentation/classification.
53. Figures are rounded off to the nearest thousands.

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Signatures to Notes 1 to 52

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

**M Bhaskara Rao**  
Partner  
Membership No.005176

Place : Hyderabad  
Dated : 21<sup>st</sup> May, 2016

**For and on behalf of the Board**

**K.S.Raju**  
Director  
(DIN:00008177)

**R.K.S.Prasad**  
Chief Financial Officer

**V.Vijay Shankar**  
Managing Director  
(DIN:00015366)

**Satish Kumar Subudhi**  
Company Secretary & Head-Legal  
(ACS 12211)



# NAGARJUNA AGRICHEM LIMITED

CIN: L24219AP1986PLC016607

## 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./ Leger 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 attach 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 utilized 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 one month advance Notice.
- 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 dematerialised form.
  - (ii) the Company, at the Registered Office / its Registrar and Transfer Agent (RTA).

## 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, Telangana State, INDIA.

Dear Sir,

Sub: Registration of E-mail

Folio No. / DP ID & Client ID: .....  
Name of 1<sup>st</sup> 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.

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# NAGARJUNA AGRICHEM LIMITED

Corporate Identity No.L24219TG1986PLC016607  
Registered Office: Plot No.12-A "C" Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad-500082, Telangana State, INDIA  
Tel. No. 040-33605123/124 Fax No. 040-23350234

Email address: investors@nagarjunaagrichem.com Website: www.nagarjunaagrichem.com

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 29<sup>th</sup> Annual General Meeting of the Company to be held at 10 a.m. on Monday, 19<sup>th</sup> September, 2016 at Surana Udyog Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, P.B No.14, Red Hills, Hyderabad – 500004.

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

Corporate Identity No.L24219TG1986PLC016607  
Registered Office: Plot No.12-A "C" Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad-500082, Telangana State, INDIA  
Tel. No. 040-33605123/124 Fax No. 040-23350234

Email address: investors@nagarjunaagrichem.com Website: www.nagarjunaagrichem.com

## FORM NO. MGT-11

### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : .....

Registered address : .....

E-mail ID : .....

Folio No/DP ID - Client ID : .....

I/We, being the Member (s) of ..... shares of the above named Company, hereby appoint

- Name : .....  
Address : .....  
E-mail Id : .....  
Signature : ..... or failing him
- Name : .....  
Address : .....  
E-mail Id : .....  
Signature : ..... or failing him
- Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual general Meeting of the Company, to be held on Monday, the 19<sup>th</sup> day of September, 2016 at 10.00 AM at Surana Udyog Auditorium, The Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry (FTAPCCI), Federation House, Red Hills, Hyderabad - 500004, Telangana State and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	No. of shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
<b>Ordinary Business:</b>				
1.	To receive, consider and adopt the audited Profit and Loss Account for the year ended 31 <sup>st</sup> March, 2016, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Reports of Directors and Auditors thereon.			
2.	To declare dividend on equity shares for the financial year ended 31 <sup>st</sup> March, 2016.			
3.	To appoint a Director in place of Mr. K.S. Raju (DIN: 00008177) who retires by rotation and being eligible, offers himself for re-appointment			
4.	Ratification of appointment of Statutory Auditors of the Company and fixing their Remuneration:			
<b>Special Business:</b>				
5.	Ratification of remuneration of Cost Auditors.			
6.	Approval for payment of consultancy fees to Non-Executive Director of the Company.			
7.	Determination of charges to be collected for delivery of document(s) by a particular mode:			

Signed this .....day of September, 2016

Signature of Shareholder .....

Signature of Proxy holder(s) .....

Affix ₹1/-  
Revenue  
Stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Srikakulam unit entered into a MOU with Dr.B.R. Ambedkar University to provide internship to the students.



NACL Team visit to fields with the prospective business partners.



Farmers Meet



Shandy Counter for product promotion.

# Nagarjuna Agrichem's 'STAR' Products



## Nagarjuna Agrichem Limited

CIN:L24219TG1986PLC016607

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

Ph: 040-33605123, Fax:040-23350234/23358062

Website: [www.nagarjunaagrchem.com](http://www.nagarjunaagrchem.com), E-mail: [info@nagarjunaagrchem.com](mailto:info@nagarjunaagrchem.com)



*Nagarjuna - Pride of the Indian Farmers...*