

REPORT  JUNCTION

NAGARJUNA AGRICHEM LIMITED
Annual Report 2008-2009

WORLD-CLASS PESTICIDES FROM NAGARJUNA



BOARD OF DIRECTORS

DR. NITISH K. SEN GUPTA

Chairman

SUKHENDU RAY

Director

P. K. MALLIK

Director

K. S. RAJU

Director

D. RANGA RAJU

Director

R. S. NANDA

Director

SUDHAKAR KUDVA

Director

K. RAHUL RAJU

Director

K. LAKSHMI RAJU

Director

N. VIJAYARAGHAVAN

Whole-Time Director

C. M. ASHOK MUNI

Director & Chief Operating Officer (COO)

R. K. S. PRASAD

Chief Financial Officer

A. S. PARDHA SARADHI

Company Secretary

22ND ANNUAL GENERAL MEETING

Day : Thursday
Date : 30th July, 2009
Time : 10.00 am
Venue : KLN Prasad Auditorium
Federation of Andhra Pradesh
Chambers of Commerce
and Industry,
Federation House,
11-6-841, Red Hills,
Hyderabad - 500 004.

04	Notice
11	Director's Report
18	Corporate Governance Report
36	Auditor's Report
42	Balance Sheet
43	Profit & Loss Account
44	Cash Flow Statement
46	Schedules (1 to 14)
66	Proxy / Attendance Slip

C O N T E N T S

Registered Office:

Plot No.61, Nagarjuna Hills,
Punjagutta, Hyderabad - 500 082,
Andhra Pradesh

Factories:

Arinama Akkivalasa
Etcherla Mandal
Srikakulam
Andhra Pradesh

Shadnagar

Nandigaon Village
Kothur Mandal, Mahaboobnagar,
Andhra Pradesh

Ethakota P.O.,

Ravalapalem, East Godavari,
Andhra Pradesh

Auditors:

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

Bankers:

State Bank of India
HDFC Bank Limited
ICICI Bank Limited
Punjab National Bank
IDBI Bank Limited

Share Transfer Agents:

Big Share Services P Ltd
G-10, Left Wing,
Amrutha Ville,
Opp: Yashodha Hospital,
Somajiguda,
Rajbhavan Road,
Hyderabad - 500 082.
Phone: 040 - 23374967
Telefax: 040 - 23370295
e-mail: bsshyd_bigshareonline.com

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of Nagarjuna Agrichem Limited will be held at 10.00 am on Thursday, 30th July, 2009 at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2009, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on the Equity Shares.
3. To appoint a Director in the place of Mr. K. S. Raju who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. P. K. Mallik who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mrs. K. Lakshmi Raju who retires by rotation and is eligible for re-appointment.
6. To appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants, the retiring Auditors as Statutory Auditors for the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix the remuneration of the Statutory Auditors.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. R. S. Nanda who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16th September, 2008 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 (“the Act”) and Article 129 of the Articles of Association of the Company, but who is eligible for appointment in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

“RESOLVED THAT Mr. Sudhakar Kudva who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16th September, 2008 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 (“the Act”) and Article 129 of the Articles of Association of the Company, but who is eligible for appointment in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

“RESOLVED THAT Mr. N. Vijayaraghavan who was appointed as an Additional Director at

the meeting of the Board of Directors of the Company held on 16th September, 2008 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 ("the Act") and Article 129 of the Articles of Association of the Company, but who is eligible for appointment in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 approval of the Company be and is hereby accorded for the appointment of Mr. N. Vijayaraghavan as Whole Time Director of the Company for a period of One year with effect from 24th October, 2008 on the terms and conditions including remuneration as set out below:

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

- i. Basic Salary: Rs.90,000/- per month.
- ii. Perquisites:
 - a. The Company will pay a fixed sum of

Rs.25,000/- per month by way of House Rent Allowance.

- b. The Company will pay a sum of Rs.30,000/- per month as Conveyance Allowance.
- c. The Company will pay a Special Allowance of Rs.35,865/- per month.
- d. Apart from the above perquisites the Company will contribute towards Provident Fund to the extent of 12% of his basic salary and will be eligible to receive medical reimbursement of Rs.25,000/- per annum and Leave Travel Concession of Rs.75,000/- per annum.

iii. In the event of loss or inadequacy of profits in any financial year, the Whole time Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.

iv. The Whole time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

v. The appointment of one year may be determined by either party by giving one months' notice in writing to the other party."

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

“RESOLVED THAT Mr. C. M. Ashok Muni who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 28th January, 2009 and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ('the Act') and Article 129 of the Articles of Association of the Company but who is eligible for appointment.

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), the Company hereby approves of the appointment and terms of remuneration of Mr. C. M. Ashok Muni as the Director and Chief Operating Officer (COO) of the Company with effect from 3rd November, 2008 upto 2nd November, 2013 upon the terms and conditions as set out below and in the Explanatory Statement annexed to the Notice conveying this meeting, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Ashok Muni.

In accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 as in force the particulars of the remuneration to be paid and perquisites to be provided to Mr. C. M. Ashok Muni are as mentioned:

Salary

Component	Amount in Rs. Per Month
Basic Salary	2,00,000
Special Allowance	38,000
Reimbursable Expenses	75,000
Total	3,13,000

Perquisites:

House Rent Allowance- Rs.80,000/- p.m.

Provident Fund

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

Superannuation Scheme

As and when the Company implements a Superannuation Scheme the scheme will be made applicable.

Car

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

Leave Travel Assistance

Leave Travel Assistance of Rs.2,00,000/- per annum, on a calendar year basis. This will be paid at the time of annual leave and subject to the LTA Rules of the Company.

Performance Pay

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

Mediclaime

Mediclaime coverage shall be provided to Mr. C. M. Ashok Muni and his spouse, children and dependent parents as per the rules of the company.

Gratuity

Payment of Gratuity as per the payment of Gratuity Act.

GPAP

Coverage under Group Personal Accident Policy.

Leave

Leave as per the rules of the Company.

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

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

RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded to the payment of minimum remuneration comprising

salary and perquisites to Mr. C. M. Ashok Muni in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment, not exceeding the relevant ceiling limits specified under Section II of Part-II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof.

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

Date : 28th April, 2009

Place : Hyderabad

By Order of the Board
A. S. Pardha Saradhi
Company Secretary

NOTES

1. The explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of the business under item nos. 7, 8, 9, 10, 11 and 12 above is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such a proxy need not be a member of the company. Proxies (in the annexed form) and power of attorneys, in order to be effective must be received at the registered office of the company not later than 10.00 a.m on the 28th July, 2009.
3. Members holding shares in physical and electronic form are requested to inform immediately the change, if any, in their address to M/s. Bigshare Services Pvt. Ltd, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 500 082.
4. The Register of Members and Share Transfer Books will remain closed from Friday, 24th July, 2009 to Thursday, 30th July, 2009 (both days inclusive).
5. The Dividend, if declared, will be paid to the members entitled thereto, whose names appear in the Registers of the Company as on 24th July, 2009.
6. Members are advised to avail nomination facility as per the amended provisions of Companies Act, 1956, for which nomination forms are available with the Registrars.
7. Consequent upon amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
8. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
9. All communication relating to shares are to be addressed to the Company's Transfer Agents, M/s. Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 500 082.
10. The company has paid the Listing Fees for the year 2009-2010 to The Stock Exchange, Mumbai where the shares of the Company are listed.
11. Re-appointment of Directors:

At the ensuing Annual General Meeting; Mr. K. S. Raju, Mr. P. K. Mallik and Mrs. K. Lakshmi Raju retire by rotation and being eligible offer themselves for re appointment. Mr. R. S. Nanda, Mr. Sudhakar Kudva, Mr. N. Vijayaraghavan and Mr. C. M. Ashok Muni have been appointed as Additional Director/s, Whole-time Directors during the year under review by the Board of Directors of the Company. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange are furnished in the statement on Corporate Governance published in this Annual Report.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 7

Mr. R. S. Nanda was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 16th September, 2008. Pursuant to Section 260 of the Companies Act 1956, Mr. R. S. Nanda will hold office of Director only up to the date of this Annual General Meeting. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. R. S. Nanda for the office of the director of the Company under the provisions of the Companies Act, 1956. Accordingly, the Board recommends the resolution set out in Item No.7 of the Notice for approval of the members.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. R. S. Nanda has disclosed to the Company that he is holding nil equity shares in the Company.

Memorandum of Interest of Directors

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

Item No. 8

Mr. Sudhakar Kudva was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 16th September, 2008. Pursuant to Section 260 of the Companies Act 1956, Mr. Sudhakar Kudva will hold office of Director only up to the date of this Annual General Meeting. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. Sudhakar Kudva for the office of the director of the Company under the provisions of the Companies Act, 1956. Accordingly, the Board recommends the resolution set out in Item No.8 of the Notice for approval of the members.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Sudhakar Kudva has disclosed to the Company that he is holding nil equity shares in the Company.

Memorandum of Interest of Directors

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

Item No. 9 and 10

Mr. N. Vijayaraghavan was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 16th September, 2008. Pursuant to Section 260 of the Companies Act 1956, Mr. N. Vijayaraghavan will hold office of Director only up to the date of this Annual General Meeting and is eligible for re-appointment. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. N. Vijayaraghavan for the

office of the director of the Company under the provisions of the Companies Act, 1956.

The Board of Directors at their meeting held on 24th October, 2008, subject to the approval of the Members and the Central Government, if necessary, appointed Mr. N. Vijayaraghavan as an Whole-time Director of the Company, with immediate effect. Mr. Vijayaraghavan who joined the Company as whole-time Director of the Company on 24th October, 2008 is a B.Tech (Metallurgy) from IIT, Chennai and holds a Post Graduate Diploma in Business Management from IIM, Ahmedabad. He has over 35 years of experience in various senior positions. He has worked in Larsen & Toubro Limited, ITW Signode Limited, Nagarjuna Fertilisers and Chemicals Limited and Sterlite Industries Limited. The industry spectrum of his experience includes various manufacturing fields. His experience includes fertilizer manufacturing and marketing management & General Management.

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

Date of Birth	22nd July, 1949
Qualifications	B.Tech – Metallurgy (IIT Madras), PGDM, IIM, Ahmedabad
Experience and expertise in specific functional area	Over 35 years of exp. in various senior positions
Relationship with other Directors of the Company	None
Current Shareholding in Nagarjuna Agrichem Ltd.	None
Directorships held in other Indian Public Limited Companies	None
Membership/Chairmanship of Committees in Indian Public Limited Companies	None

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

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Act, the approval of the members in General Meeting is required to be obtained for the appointment and the terms of remuneration of Mr. Vijayaraghavan as the Whole-time Director and as set out in Item No.10 of the Notice.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. N. Vijayaraghavan has disclosed to the Company that he is holding nil equity shares in the Company.

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

Memorandum of Interest of Directors

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

The Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr. Vijayaraghavan's services and accordingly the Directors commend the Resolutions at Item Nos.9 and 10 for approval by the Members.

Item No. 11 and 12

Mr. C. M. Ashok Muni was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 28th January, 2009. Pursuant to Section 260 of the Companies Act 1956, Mr.C.M.Ashok Muni will hold office of Director only up to the date of this Annual General Meeting and is eligible for re-appointment. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. C. M. Ashok Muni for the office of the director of the Company under Section 257 of the Companies Act, 1956.

The Board of Directors at their meeting held on 28th January, 2009, subject to the approval of the Members and the Central Government, if necessary, appointed Mr.C.M.Ashok Muni as an Whole-time Director of the Company, with immediate effect. Mr. C. M. Ashok Muni who joined the Company as Director and Chief Operating Officer (COO) of the Company on 3rd November, 2008 is a B.Tech - Chemical Engineering from IIT, Chennai. He has over 21 years of experience in various chemical industries. He has

worked in Indian Aluminium Company Limited, ICI India Limited, ICI Europe – UK, Belgium and Netherlands, Monsanto India Limited and his last assignment was with Atul Limited. The industry spectrum of his experience includes Chemicals, Agrochemical Operations, Bulk Chemicals and Speciality Chemicals Business.

The appointment and terms of remuneration of Mr. C. M. Ashok Muni as the Director and Chief Operating Officer (COO) are pursuant to the provisions of Article 141 of the Company's Articles of Association and Sections 198, 269,309, read with Schedule XIII and other applicable provisions, if any, of the Act. Mr. C. M. Ashok Muni shall not, while he continues to be the Director and Chief Operating Officer (COO), be subject to retirement by rotation pursuant to the provisions of Section 255 of the Act.

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Act, the approval of the members in General Meeting is required to be obtained for the appointment and the terms of remuneration of Mr. C. M. Ashok Muni as the Director and Chief Operating Officer (COO) and as set out in Item No.12 of the Notice.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. C. M. Ashok Muni has disclosed to the Company that he is holding nil equity shares in the Company.

This may also be treated as an abstract of the draft Agreement between the Company and Mr. C. M. Ashok Muni pursuant to Section 302 Of the Act.

Memorandum of Interest of Directors

None of the Directors of the Company other than Mr. C. M. Ashok Muni may be deemed to be concerned or interested in passing of this resolution.

The Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr. C. M. Ashok Muni's services and accordingly the Directors commend the Resolutions at Item Nos.11 and 12 for approval by the Members.

Place : Hyderabad

Date : 28th April, 2009

By order of the Board
A. S. Pardha Saradhi
Company Secretary