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**Board of Directors**

**Field Marshal Sam Manekshaw, M.C.**  
Chairman

**Ashok Chopra**  
Snamprogetti Nominee

**Chandra Pal Singh Yadav**  
KRIBHCO Nominee

**Jainder Singh, IAS**  
Government of Andhra Pradesh Nominee

**R Krishnan**

**N C B Nath**

**M P Radhakrishnan**  
SBI Nominee

**V N Rai**  
Alternate to Shri Chandra Pal Singh Yadav

**S R Ramakrishnan**

**K Rahul Raju**

**T Ramesh Babu**  
IFCI Nominee

**R Sathyamurthi**  
IDBI Nominee

**H S Vachha**  
ICICI Nominee

**P P Singh**  
Director (Operations)

**O P Jagetiya**  
Whole-time Director

**K S Raju**  
Vice Chairman & Managing Director

**Secretary**  
M Ramakanth

**Auditors**  
M Bhaskara Rao & Co.,  
Chartered Accountants  
Hyderabad - 500 082.  
INDIA

**Share Transfer Agents**  
Nagarjuna Investors Services Limited  
Nagarjuna Hills  
Hyderabad - 500 082  
INDIA

**Registered Office**  
Nagarjuna Hills  
Hyderabad - 500 082  
INDIA

**Factory**  
Kakinada - 533 003  
East Godavari Dist.  
Andhra Pradesh  
INDIA



## NFCL

**NOTICE**

Notice is hereby given that the Twenty Seventh Annual General Meeting of Nagarjuna Fertilizers and Chemicals Limited will be held at 10.00 a.m on July 28, 2003, at Sri Satya Sai Nigamagaram, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073, to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the 27th Annual Report of the Directors, Balance Sheet as at March 31, 2003 and the Profit and Loss Account for the financial year ended March 31, 2003 and the Cash Flow Statement for the financial year ended March 31, 2003, and the Report of the Auditors thereon.
2. To appoint a Director in the place of Shri S R Ramakrishnan, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Shri K Rajul Raju, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Shri P P Singh, who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution which will be proposed as a Special Resolution :

"RESOLVED THAT the retiring Auditors of the Company, M/s. M Bhaskara Rao and Co., Chartered Accountants, Hyderabad being eligible for reappointment be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the 27th Annual General Meeting upto the conclusion of the next Annual General Meeting on such terms and conditions as may be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS :**

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :  
"RESOLVED THAT Shri Chandra Pal Singh Yadav who was appointed as an Additional Director of the Company with effect from December 23, 2002, under Article 93 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation".
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :  
"RESOLVED THAT the remuneration paid to Shri P P Singh, Director (Operations) during the financial year April 01, 2002 to March 31, 2003, as authorised by the shareholders at their meeting held on June 10, 2002, now ascertained to be in excess of the

remuneration that could be paid pursuant to Schedule XIII of the Companies Act, 1956, by the Company in the year in which it has no profits viz., April 1, 2002 to March 31, 2003, be and is hereby approved and ratified subject to the approval of the Central Government of the payment of the remuneration found to be in excess".

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

"RESOLVED THAT the remuneration paid to Shri O P Jagetiya, Whole-time Director, during the financial year April 01, 2002 to March 31, 2003, as authorised by the shareholders at their meeting held on December 23, 2002, now ascertained to be in excess of the remuneration that could be paid pursuant to Schedule XIII of the Companies Act, 1956, by the Company in the year in which it has no profits viz., April 1, 2002 to March 31, 2003, be and is hereby approved and ratified subject to the approval of the Central Government of the payment of the remuneration found to be in excess".

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

"RESOLVED THAT the remuneration paid to Shri K S Raju, Vice Chairman & Managing Director, during the financial year April 01, 2002 to March 31, 2003, as authorised by the shareholders at their meeting held on September 20, 1999, now ascertained to be in excess of the remuneration that could be paid pursuant to Schedule XIII of the Companies Act, 1956, by the Company in the year in which it has no profits viz., April 1, 2002 to March 31, 2003, be and is hereby approved and ratified subject to the approval of the Central Government of the payment of the remuneration found to be in excess".

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

"RESOLVED THAT in supersession of the part of the resolutions relating to the remuneration payable to Shri P P Singh, Director (Operations) passed at the meeting of the Board of Directors held on February 24, 2001 and approved by the Members of the Company at the 25th Annual General Meeting of the Company held on June 10, 2002 and subject to Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to necessary approvals / approval of the Central Government, the remuneration of Shri P P Singh, Director (Operations), be and is hereby modified with effect from April 1, 2003 till the conclusion of his tenure of office i.e., till February 24, 2004 as follows and the same be paid as minimum remuneration in the event of absence or inadequacy of profits during any financial year during the currency of the tenure of office of Shri P P Singh".

1. Salary :  
Rs.1.5 lakhs p.m. including Dearness Allowance and other allowances
2. Perquisites :  
Perquisites shall be restricted to an amount equal to the annual salary.
- i. Housing :
- a. The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
- b. In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company; or
- c. In case no accommodation is provided by the Company, Shri P P Singh shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).
- Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.
- ii. Medical Reimbursement :  
Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii. Leave Travel Concession :  
Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.
- Explanation : Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.
- iv. Club Fees :  
Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.
- v. Personal Accident Insurance :  
Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
- vi. a. Company's contribution towards Provident Fund as per the rules of the Company.  
b. Gratuity as per the rules of the Company.  
c. Company's contribution towards Superannuation Fund as per the rules of the Company.
- The aforesaid perquisites stated in (vi)(a), (vi)(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- vii. Earned Leave :  
On full pay and allowances and perquisites as per the rules of the Company. Encashment
- of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.
- viii. Car for use on Company's business and telephone at residence (for official purpose) shall not be considered as perquisites".
- "RESOLVED FURTHER THAT the remuneration specified above for Shri P P Singh, Director (Operations) may, subject to overall ceiling specified above and subject to Schedule XIII of the Companies Act, 1956, be modified as may be agreed to by the Company and Shri P P Singh, Director (Operations)".
- "RESOLVED FURTHER THAT the perquisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Shri P P Singh, Director (Operations)".
11. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :
- "RESOLVED THAT in supersession of the part of the resolutions relating to the remuneration payable to Shri O P Jagetiya, Whole-time Director, passed at the Meeting of the Board of Directors held on June 10, 2002 and approved by the Members of the Company at the 26th Annual General Meeting of the Company held on December 23, 2002 and subject to Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to necessary approvals / approval of the Central Government, the remuneration of Shri O P Jagetiya, Whole-time Director, be and is hereby modified with effect from April 1, 2003 till the conclusion of his tenure of office i.e., till June 10, 2005 as follows and the same be paid as minimum remuneration in the event of absence or inadequacy of profits during any financial year during the currency of the tenure of office of Shri O P Jagetiya".
1. Salary :  
Rs.1.5 lakhs p.m. including Dearness Allowance and other allowances
2. Perquisites :  
Perquisites shall be restricted to an amount equal to the annual salary.
- i. Housing :
- a. The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
- b. In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company; or
- c. In case no accommodation is provided by the Company, Shri O P Jagetiya shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).
- Explanation : The expenditure incurred by the Company on gas, electricity, water

- and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.
- ii. Medical Reimbursement :  
Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
  - iii. Leave Travel Concession :  
Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.  
  
Explanation : Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.
  - iv. Club Fees :  
Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.
  - v. Personal Accident Insurance :  
Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
  - vi. a. Company's contribution towards Provident Fund as per the rules of the Company.  
b. Gratuity as per the rules of the Company.  
c. Company's contribution towards Superannuation Fund as per the rules of the Company.  
  
The aforesaid perquisites stated in (vi)(a), (vi)(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
  - vii. Earned Leave :  
On full pay and allowances and perquisites as per the rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.
  - viii. Car for use on Company's business and telephone at residence (for official purpose) shall not be considered as perquisites".  
  
"RESOLVED FURTHER THAT the remuneration specified above for Shri O P Jagetiya, Whole-time Director may, subject to overall ceiling specified above and subject to Schedule XIII of the Companies Act, 1956, be modified as may be agreed to by the Company and Shri O P Jagetiya, Whole-time Director".  
  
"RESOLVED FURTHER THAT the perquisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Shri O P Jagetiya, Whole-time Director".
12. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :  
  
"RESOLVED THAT subject to Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956 Shri K S Raju be and is hereby appointed as Managing Director of the Company for a period of five years effective April 1, 2003, subject to the necessary approvals and approval of the Central Government".  
  
"RESOLVED FURTHER THAT Shri K S Raju, be and is hereby paid the following remuneration and perquisites for a period of three years with effect from April 1, 2003 and the same also be paid as minimum remuneration in the event of inadequacy or absence of profits in any financial year during the currency of his tenure"  
    1. Salary :  
Rs. 2 Lakhs per month including dearness and all other allowances.
    2. Performance Linked Bonus :  
Performance Linked Bonus to be paid based on the assessment by the Board of Directors as applicable to Managerial Personnel of the Company.
    3. Perquisites :  
Perquisites shall be restricted to an amount equal to the annual salary.
      - i. Housing :
        - a. The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
        - b. In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company; or
        - c. In case no accommodation is provided by the Company, Shri K S Raju shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).  
Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.
      - ii. Medical Reimbursement :  
Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
      - iii. Leave Travel Concession :  
Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.  
  
Explanation : Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.
      - iv. Club Fees :  
Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.



- v. Personal Accident Insurance :  
Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
- vi. a. Company's contribution towards Provident Fund as per the rules of the Company.  
b. Gratuity as per the rules of the Company.  
c. Company's contribution towards Superannuation Fund as per the rules of the Company.
- The aforesaid prerequisites stated in (vi)(a), (vi)(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- vii. Earned Leave :  
On full pay and allowances and prerequisites as per the rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.
- viii. Car for use on Company's business and telephone at residence (for official purpose) shall not be considered as prerequisites".

"RESOLVED FURTHER THAT the remuneration specified above for Shri K S Raju may, subject to overall ceiling specified above, be modified as may be agreed to by the Company and Shri K S Raju, Managing Director".

"RESOLVED FURTHER THAT the prerequisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Shri K S Raju, Managing Director".

By Order of the Board

Hyderabad  
April 25, 2003

**M. Ramakanth**  
Secretary

#### 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 and such a proxy need not be a member of the Company.
2. Instrument of proxies in order to be effective must be deposited at the Company's registered office not less than 48 hours before the meeting.
3. Members are requested to notify immediately the change, if any, of the address registered with the Company.
4. Members desiring to seek any information on the Annual Accounts are requested to write to the Company at an early date to enable compilation of information.
5. The Company has transferred unclaimed dividend for the year 1994-95 to the General Revenue Account of the Central Government. The unclaimed dividend

- for the year 1995 - 1996 shall be transferred to the Investor Education and Protection Fund during November '2003.
6. The Securities and Exchange Board of India has notified your Company's equity shares for compulsory trading in the dematerialised form for Institutional Investors from June 26, 2000 and for other investors from August 20, 2000.  
Shareholders may also avail of the facility of trading in the demat form and may contact our Share Transfer Agents in this regard.
  7. The Register of Members and the Share Transfer Books will remain closed from July 16, 2003 to July 28, 2003.
  8. The Company has paid the Listing Fees for the year 2003 - 2004 to all the Stock Exchanges where the shares of the Company are listed.
  9. All communication relating to shares are to be addressed to the Company's Share Transfer Agents, Nagarjuna Investors Services Limited, Nagarjuna Hills, Hyderabad - 500 082.

#### **Explanatory Statement under Section 173 (2) for Item Nos. 6 to 12 of the Notice for the 27th Annual General Meeting to be held on July 28, 2003.**

##### **Item No. 6**

Shri Chandra Pal Singh Yadav was appointed as an Additional Director at the Meeting of the Board of Directors held on December 23, 2002. He holds office upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director, liable to retire by rotation.

Shri Chandra Pal Singh Yadav is the Chairman of Krishak Bharathi Co-operative Limited and is a Nominee of KRIBHCO.

Notice as required under Section 257 of the Companies Act, 1956, together with the requisite deposit has been received from a Member proposing the appointment of Shri Chandra Pal Singh Yadav as Director of the Company.

Your Directors commend the resolution for approval.

None of the Directors of the Company except Shri Chandra Pal Singh Yadav may be deemed to be concerned or interested in this resolution.

##### **Item Nos. 7 to 9**

The Members will see that the Company has as on March 31, 2003 incurred a loss. The loss has arisen out of the conservative accounting policy that the company proposes to follow in view of the final retention price having been notified by the Government of India. The retention price being fixed with retrospective effect is the subject matter of the Writ Petitions filed by the Company, pending in the High Court of Andhra Pradesh.

Your Company's Plants continue to operate efficiently and the fertilizer operations of the Company are viable

and profitable. However, owing to extraneous reasons mentioned, there is a loss as on March 31, 2003.

In view of this ascertained loss for the year ended March 31, 2003, the remuneration paid, as approved by the Company to Shri K S Raju, Shri P P Singh and Shri O P Jagetiya during the year April 1, 2002 to March 31, 2003 have been found to be in excess of the applicable limits of the remuneration that could be paid as stated in the entry in Schedule XIII, applicable to the Company and it would be necessary to obtain the approval of the Central Government for the directors to retain the sums paid to them now found to be in excess of the permissible limits. The remuneration paid to the Directors during April 1, 2002 to March 31, 2003 is to be approved by the shareholders. The resolutions are submitted to the members for their approval and for seeking approval of the Central Government.

The remuneration paid during the year April 1, 2002 to March 31, 2003 to Shri K S Raju, Vice Chairman & Managing Director, Shri P P Singh, Director (Operations) and Shri O P Jagetiya, Whole-time Director, in terms of the resolutions passed by the shareholders at the 23rd, 25th and 26th Annual General Meetings respectively is mentioned below :

Name	Designation	Total Remuneration paid	Period
Shri K S Raju	Vice Chairman & Managing Director	Rs.55,15,540/-	April 1, 02 to March 31, 03
Shri P P Singh	Director (Operations)	Rs.31,72,536/-	April 1, 02 to March 31, 03
Shri O P Jagetiya	Whole-time Director	Rs.24,75,863/-	June 10, 02 to March 31, 03

These amounts are in excess of the limits prescribed under the Companies Act, 1956 and are commended by your Directors for approval.

None of the Directors of the Company except Shri K S Raju, Shri P P Singh, Shri O P Jagetiya and Shri K Rahul Raju (being related to Shri K S Raju) may be deemed to be concerned or interested in this resolution.

#### Item Nos. 10 & 11

As stated in the Explanatory Note to Items No.7 to 9 of the Notice, the Company has incurred a loss as on March 31, 2003. Shri P P Singh and Shri O P Jagetiya are senior managerial personnel, whose services are required at this crucial juncture by the company and hence the proposal for payment of remuneration.

The remuneration payable to Shri P P Singh and Shri O P Jagetiya for the balance of tenure is being placed before the shareholders. In view of the critical position of the Company and the experience of Shri P P Singh

and Shri O P Jagetiya and in the interests of the Company, it would be necessary to pay them the proposed remuneration, as a minimum remuneration, which means that they would receive the proposed remuneration even in a year when the Company may suffer a loss. Approval of the Central Government is necessary to pay remuneration to them in this manner, as the remuneration, which is sought to be paid even in the years in which the Company may suffer a loss, would be in excess of the permissible ceiling limits upto which a Company may pay according to Schedule XIII of the Act, when there is a loss.

Your Directors commend the resolution for approval.

None of the Directors of the Company except Shri P P Singh and Shri O P Jagetiya may be deemed to be concerned or interested in this resolution.

#### Item No. 12

The Board of Directors of the Company at their meeting held on January 22, 2003 re-appointed Shri K S Raju as Vice Chairman & Managing Director for a period of five years effective April 1, 2003 subject to necessary approvals.

Shri K S Raju has been associated with the Company since 1985 and has made significant contributions to the progress of the Company. His experience and expertise would be of immense value to the Company.

As stated in the Explanatory Note to Items No.7 to 9 of the Notice, the Company has incurred a loss as on March 31, 2003. In view of the critical position of the Company and the experience of Shri K S Raju and his ability to turn around the Company, in the interests of the Company, it would be necessary to pay him the proposed remuneration, as a minimum remuneration, which means that he would receive the proposed remuneration even in a year when the Company may suffer a loss. Approval of the Central Government is necessary to pay remuneration to Shri K S Raju in this manner, as the remuneration, which is sought to be paid even in the years in which the Company may suffer a loss, would be in excess of the permissible ceiling limits upto which a Company may pay according to Schedule XIII of the Act, when there is a loss.

Your Directors commend the resolution for approval.

None of the Directors of the Company except Shri K S Raju and Shri K Rahul Raju (being related to Shri K S Raju) may be deemed to be concerned or interested in this resolution.

#### Statement of disclosure pursuant to Schedule XIII to the Companies Act, 1956, in relation to Item Nos. 10 to 12 of the Notice.

The following disclosures are being made in relation to the appointment and remuneration of Shri K S Raju as Vice-Chairman and Managing Director and in relation to approval of remuneration to be paid to Shri P P Singh and Shri O P Jagetiya, Whole-time Directors.



## I. General Information:

### 1. Nature of the Industry

The company is engaged in the business of manufacture and marketing of Urea and marketing of other fertilizers.

The company has two fertilizer plants in Kakinada, East Godavari District, Andhra Pradesh. Plant - I of the company has a capacity to manufacture 900 Tons per day of ammonia and 1,500 Tons per day of Urea. The total annual capacity is thus 2,97,000 Tons of Ammonia and 4,95,000 Tons of Urea. The capacity of Plant II for manufacture of both Ammonia and Urea is identical to the capacity of Plant-I.

Urea contributes more than 95% of the Annual Turnover of the company and is a commodity the production and marketing of which is controlled under the Essential Commodities Act, 1955.

The selling price of Urea is fixed by the Government of India. The Retention Price of Urea payable to the manufacturers for each unit is fixed by the Fertilizer Industry Co-ordination Committee (FICC) which is a body set up by the Government of India.

### 2. Date of Commencement of Commercial Production

The Plant I of the Company commenced commercial production in August 1992 while Plant II commenced commercial production in March 1998.

### 3. Foreign investments or collaborators

Technical Collaborators: The company's Ammonia and Urea Plants were established with the Foreign Technical Collaboration. The Ammonia Plants were established with the technical collaboration of Haldor Topsoe, Denmark and the Urea Plants were established with the technical collaboration of Snamprogetti, SpA, Italy.

Snamprogetti holds 40 lakhs equity shares of Rs.10/- each aggregating to Rs.4 crores.

As on March 31, 2003 out of the total paid up equity capital of Rs.416.61 crores, Foreign Institutional Investment accounts to 0.01% while Non Resident Indians contribute 2.85% of the total paid up equity capital.

## II. Information about the appointee:

### A. Shri P P Singh

Shri P P Singh is a graduate in Mechanical Engineering and a Fellow of the Institute of Engineers. Shri P P Singh was previously the Managing Director of Krishak Bharati Cooperative Limited (KRIBHCO).

Shri P P Singh has over 38 years of experience in the management of fertilizer companies.

Shri P P Singh was nominee of KRIBHCO on the Board of Directors of the company and was appointed as Whole-time Director of the company with effect from February 24, 2001 and was designated as Director (Operations).

Shri P P Singh was appointed as Director (Operations) at a monthly salary of Rs. 1.5 Lakhs and perquisites not exceeding his annual salary. The term of office of Shri P P Singh expires on February 24, 2004.

Shri P P Singh is incharge of the plant operations and Marketing.

Shri P P Singh is proposed to be paid a monthly salary of Rs. 1.5 Lakhs and the perquisites not exceeding his annual salary.

The remuneration proposed to be paid to Shri P P Singh is commensurate with the size of the company, nature of its operations and is in line with the industry standards.

Shri P P Singh besides receiving remuneration for his services as Director (Operations) of the company does not receive any other monetary or non-monetary benefit from the company. Shri P P Singh is an Independent Director on the Board of the company.

### B. Shri O P Jagetiya

Shri O P Jagetiya is a graduate in Electronics Engineering B.E (Hons.) from B.I.T.S. Pilani and also a Master of Business Administration from B.I.T.S. Pilani.

Shri O P Jagetiya joined Zuari Industries Limited in 1992 as Vice-President and took charge as President of Zuari's Cement Business in 1994.

Shri O P Jagetiya was appointed as Whole-time Director of the company with effect from June 10, 2002. The members had at the 26th Annual General Meeting approved the appointment of Shri O P Jagetiya as Whole-time Director.

Shri O P Jagetiya was appointed as Whole-time Director by the Board of Directors of the company and by the shareholders at their meeting held on December 23, 2002, on a monthly salary of Rs.1.5 Lakhs and perquisites not exceeding his annual salary. The term of office of Shri O P Jagetiya expires on June 10, 2005.

Shri O P Jagetiya, Whole-time Director is responsible for Finance, Human Potential Development, Management Audit, Administration and Information Technology related activities of the company.





The services of Shri O P Jagetiya are required by the company at this crucial juncture to steer the company out of its present liquidity and financial problems.

Shri O P Jagetiya is proposed to be paid a monthly salary of Rs. 1.5 Lakhs and perquisites not exceeding his annual salary.

The remuneration proposed to be paid to Shri O P Jagetiya is commensurate with the size of the company, nature of its operations and is in line with the industry standards.

Shri O P Jagetiya besides receiving remuneration for his services as Whole-time Director of the company does not receive any other monetary or non-monetary benefit from the company. Shri O P Jagetiya is an Independent Director on the Board of the company.

### C. Shri K S Raju

Shri K S Raju is a Graduate in Mechanical Engineering from Mysore University. He joined the Board of Nagarjuna Fertilizers and Chemicals Limited as a Director in 1985 and was appointed Whole-time Director in the year 1987.

Shri K S Raju was appointed as the Managing Director of the company in July 1993 and was also appointed as the Vice-Chairman of the company in May 1994.

Shri K S Raju has been associated with the company for over 15 years and has been closely involved in setting up the two Plants of the company and has played a significant role in the efficient operations of the company.

Shri K S Raju is the Vice-Chairman and Managing Director of the company and is overall incharge of the day to day affairs of the company.

Shri K S Raju during his previous term of office as the Vice-Chairman and Managing Director of the company, was paid a salary of Rs.2 Lakhs per month and perquisites not exceeding his annual salary.

The services of Shri K S Raju are required by the company at this crucial juncture to steer the company out of the present difficult situation.

Shri K S Raju is proposed to be paid a monthly salary of Rs. 2 Lakhs and perquisites not exceeding his annual salary.

The remuneration proposed to be paid to Shri K S Raju is commensurate with the size of the company, nature of its operations and is in line with the industry standards.

Shri K S Raju besides receiving remuneration for his services as Managing Director of the company does not receive any other monetary or non-monetary benefit from the company.

### III. Other Information:

The company has as on March 31, 2003 incurred a loss. The loss has arisen out of the conservative accounting policy that the company proposes to follow in view of the final retention price having been notified by the Government of India. The retention price fixed with retrospective effect is the subject matter of the Writ Petitions filed by the Company, pending in the High Court of Andhra Pradesh.

The Company's Plants continue to operate efficiently and the fertilizer operations of the Company are viable and profitable. However, owing to extraneous reasons mentioned, there is a loss as on March 31, 2003.

The fertilizer operations of the company are profitable, and the charging of the recoveries is an extraordinary item and of a non-recurring nature. The company proposes to improve profitability, by taking measures for better efficiency and profitability.

Details of remuneration proposed to be paid to Shri P P Singh, Shri O P Jagetiya and Shri K S Raju are provided in the draft resolution Nos. 10, 11 and 12 respectively of the Notice convening the 27th Annual General Meeting.

### Inspection of Documents

**The documents pertaining to Special Business are available for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day prior to the Meeting.**

By Order of the Board

Hyderabad  
April 25, 2003

**M. Ramakanth**  
Secretary



**Addendum to the Notice Convening the 27th Annual General Meeting to be held on July 28, 2003.**

**Special Business:**

13. 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 applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 [including any statutory modification(s) or re-enactments thereof for the time being in force], the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulators as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges where the equity shares of the Company are listed i.e., at The Stock Exchange - Ahmedabad, The Calcutta Stock Exchange Association Limited, Madras Stock Exchange Limited, The Hyderabad Stock Exchange Limited, Cochin Stock Exchange Limited and The Delhi Stock Exchange Association Limited".

By Order of the Board

Hyderabad  
May 28, 2003

**M. Ramakanth**  
Secretary

**Explanatory Statement under Section 173(2) for item No.13 of the Addendum to the Notice for the 27th Annual General Meeting to be held on July 28, 2003.**

**Item No.13**

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for delisting of securities of a Listed Company voluntarily by a promoter or an acquirer or any other person from the Stock Exchanges.

Presently, the Company's equity shares are listed on the following eight Stock Exchanges :

1. The Stock Exchange, Mumbai
2. National Stock Exchange of India Limited, Mumbai
3. The Stock Exchange, Ahmedabad
4. Cochin Stock Exchange Limited, Cochin
5. The Hyderabad Stock Exchange Limited, Hyderabad
6. The Calcutta Stock Exchange Association Limited
7. The Delhi Stock Exchange Association Limited
8. Madras Stock Exchange Limited.

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE) and the extension of the BSE / NSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and NSE, and the depth and liquidity of trading in the Company's equity shares on all other Stock Exchanges is low and insignificant.

The Securities and Exchange Board of India (SEBI) has specified for settlement of the Company's equity shares only in dematerialised form by all investors. It is also observed that the listing fee paid to Stock Exchanges other than BSE and NSE is disproportionately high compared to the extremely low trading volumes of the Company's securities on those exchanges. The Company has proposed this resolution, which will enable it to delist its equity shares at any time in future from all or any of the following Stock Exchanges :

1. The Stock Exchange, Ahmedabad
2. Cochin Stock Exchange Limited, Cochin
3. The Calcutta Stock Exchange Association Limited
4. The Hyderabad Stock Exchange Limited, Hyderabad
5. The Delhi Stock Exchange Association Limited
6. Madras Stock Exchange Limited.

The Company's equity shares will continue to be listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited after the proposed delisting.

Your Directors commend the Resolution for approval.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

**Inspection of Documents**

**The documents pertaining to Special Business are available for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day prior to the Meeting.**

By Order of the Board

Hyderabad  
May 28, 2003

**M. Ramakanth**  
Secretary