

Nagarjuna Fertilizers and Chemicals Limited



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Transforming Indian Agricultural Output Markets (with Smart Mandis)

Annual Report 2016

Transforming Indian Agricultural Output Markets



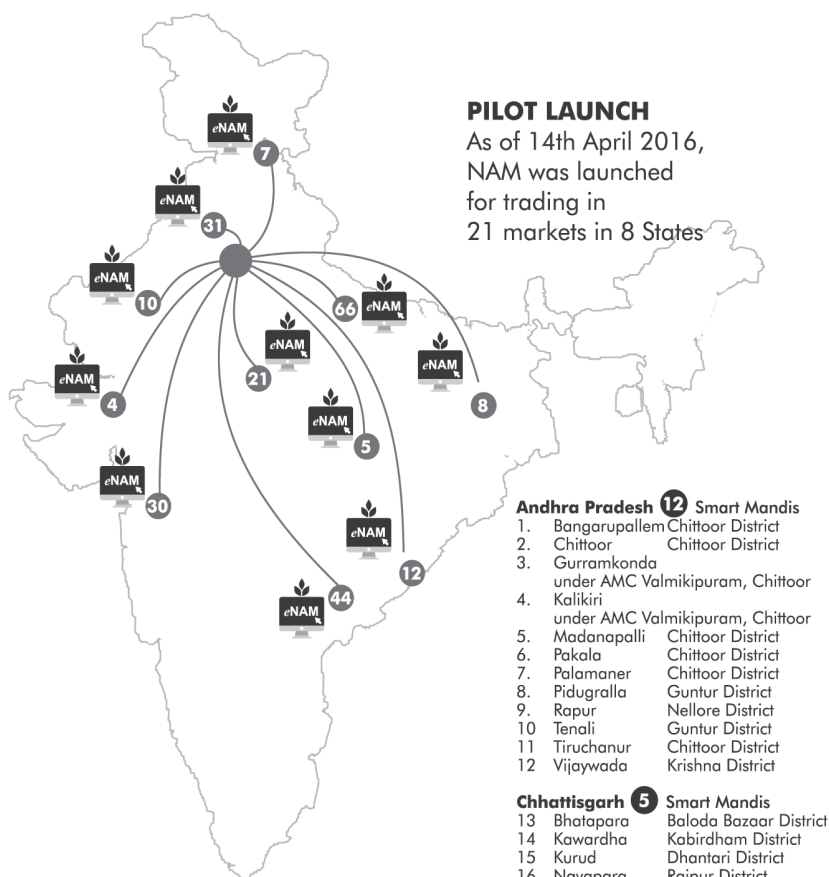
Electronic National Agricultural Market (eNAM) powered by iKisan

- A transformational initiative by Government of India launched by Honorable Prime Minister on April 14, 2016
- Largest initiative undertaken by any Company in automating the world's 3rd largest agri producer's markets.
- iKisan is designing, developing, deploying and implementing this transformational initiative, across 585 Mandis in India and connecting them to a common national platform to bring substantial economic reforms in the farming activity.
- NAM envisions one license, a single point levy and use of electronic systems for price discovery and is expected to impact the economy as a whole.
- Beneficial for Farmers (more options for selling their produce), Traders (access larger national market for secondary trading), Bulk buyers, processors, exporters (direct participation in local mandi) and Mandis (opportunity for collection of better fee due to increased transactions)

iKisan (a division of NFCL) is proud to be associated with eNAM and will continue its endeavour in bringing the benefits of mandi automation across the country (bringing seamless market integration and benefit farmers and buyers across the country).

23 Smart Mandis already launched

215 Smart Mandis under development



PILOT LAUNCH

As of 14th April 2016,
NAM was launched
for trading in
21 markets in 8 States

Andhra Pradesh 12 Smart Mandis

1. Bangarupalem Chittoor District
2. Chittoor Chittoor District
3. Gurramkonda under AMC Valmikipuram, Chittoor
4. Kalikiri under AMC Valmikipuram, Chittoor
5. Madanapalli Chittoor District
6. Palaka Chittoor District
7. Palamaner Chittoor District
8. Pidugralla Guntur District
9. Rapur Nellore District
10. Tenali Guntur District
11. Tiruchanur Chittoor District
12. Vijaywada Krishna District

Chhattisgarh 5 Smart Mandis

13. Bhatapara Baloda Bazaar District
14. Kawardha Kabirdham District
15. Kurud Dhanteri District
16. Navapara Raipur District
17. Rajnandgaon Rajnandgaon District

Gujarat 4 Smart Mandis

18. Himmatnagar Patan
19. Patan Patan
20. Botad Botad
21. Mahuva Bhavnagar District

Haryana 31 Smart Mandis

22. Adampur Hissar District
23. Ambala Ambala
24. Charkhi Dadri Bhiwani District
25. Dabwali Sirsa District
26. Ellanabad Sirsa District
27. Ganaur Sonapat District
28. Gharaunda Karnal District
29. Gohana Kaithal District
30. Hansi Hisar District
31. Ismailabad Kurukshetra District
32. Jind Jind District
33. Juliana Jind District
34. Kaithal Kaithal District
35. Kalanwali Sirsa District
36. Karnal Karnal
37. Ladwa Kurukshetra District
38. Madlauda Panipat District
39. Mullana Ambala District
40. Narwana Jind District
41. Nishang Karnal District
42. Panipat Panipat District
43. Pehowa Kurukshetra District
44. Ratia Fatehabad
45. Rewari Rewari
46. Rohtak Rohtak
47. Safidon Jind
48. Samalkha Panipat
49. Shabad Panipat
50. Sonapat Sonapat
51. Taraori Karnal
52. Thanesar Kurukshetra

Himachal Pradesh 7 Smart Mandis

53. Bhattakufar (Dhali) Shimla
54. Bhunter Kullu
55. Jassur Kangra
56. Parwanoo Solan
57. Shimla Shimla
58. Solan Solan
59. Takoli Mandi

Jharkhand 8 Smart Mandis

60. Chaibasa West Simbhum
61. Daltonganj Daltonganj
62. Dhanbad Dhanbad
63. Gumla Gumla
64. Jamshedpur Jamshedpur
65. Lohardaga Lohardaga
66. Pandra Pandra
67. Simdega Simdega

Madhya Pradesh 21 Smart Mandis

68. Ashok Nagar Gwalior
69. Baitul Baitul
70. Berasia Bhopal
71. Chhindwada Chhindwada
72. Damoh Damoh
73. Dewas Dewas
74. Harda Harda
75. Indore Indore
76. Jabalpur Jabalpur
77. Jaora Ratlam
78. Karond Bhopal
79. Mandasore Mandasore
80. Neemuch Neemuch
81. Pipriya Hoshangabad
82. Ratlam Ratlam
83. Rewa Rewa
84. Sagar Sagar
85. Salma Salma
86. Sehore Sehore
87. Ujjain Ujjain
88. Vidisha Vidisha

Maharashtra 30 Smart Mandis

89. Aatpadi Sangli
90. Achalpur Amravati
91. Aheri Gadchiroli
92. Akola Akola
93. Arjuni Morgaon Gondia
94. Aurangabad Aurangabad
95. Barshi Solapur
96. Basmat Hingoli
97. Bhokar Nanded
98. Dhule Dhule
99. Dound Pune
100. Gadhinglaj Kolhapur
101. Gevrai Beed
102. Gondpimpri Chandrapur
103. Jalgaon Jalgaon
104. Kolhapur Kolhapur
105. Latur Latur
106. Lonand Lonand
107. Malegaon (Nashik) Nashik
108. Malkapur Malkapur
109. Nagpur Nagpur
110. Nandurbar Nandurbar
111. Newasa Ahmednagar
112. Parbhani Parbhani
113. Sangli Sangli
114. Selu Parbhani
115. Shirur Pune
116. Tumsar Bhandara
117. Vani Nashik
118. Yeola Nashik

Rajasthan 10 Smart Mandis

119. Atru Baran
120. Bundi Bundi
121. Fatehnagar Udaipur
122. Gangapur city Sawai Madhopur
123. Hindoun Karauli
124. Kota (Grain) Kota
125. Mandawari Dausa
126. Nagar Bharatpur
127. Padampur Sri Ganganagar
128. Ramganj Sri Ganganagar

Telangana 44 Smart Mandis

129. Achampet Mahbubnagar
130. Adilabad Adilabad
131. Athmakur Mahbubnagar
132. Badepally Adilabad
133. Bhainsa Karimnagar
134. Choppadandi Karimnagar
135. Devarakadra Mahbubnagar
136. Deverakonda Nalgonda
137. Gadwal Mahbubnagar
138. Gajwel Medak
139. Gangadhara Karimnagar
140. Gollapally Karimnagar
141. Jagtial Karimnagar
142. Jammikunta Karim Nagar
143. Jangaon Warangal
144. Jogipet Medak

145. Kalwakurthy Mahbubnagar
146. Kamareddy Nizamabad
147. Karim Nagar Karim Nagar
148. Kesamudram Warangal
149. Khammam Khammam
150. Mahbubnagar Mahbubnagar
151. Makthal Mahabubnagar
152. Malakpet Karimnagar
153. Metpally Karimnagar
154. Miryalaguda Nalgonda
155. Nagarkurnool Mahbubnagar
156. Nakrekal Nalgonda
157. Narayanpet Mahbubnagar
158. Narsampet Warangal
159. Nizamabad Karimnagar
160. Peddapalli Medak
161. Sadasivpet Medak
162. Shadnagar Mahabubnagar
163. Shankarapally Rangareddy
164. Siddipet Medak
165. Suryapet Nalgonda
166. Tandur Rangareddy
167. Tirumalgi Rangareddy
168. Vikarabad Rangareddy
169. Warangal Rangareddy
170. W.P. Town Mahbubnagar
171. W.P. Road Mahbubnagar
172. Zaheerabad Medak

Uttar Pradesh 66 Smart Mandis

173. Agra Agra
174. Akbarpur Ambedkar Nagar
175. Aligarh Aligarh
176. Allahabad Allahabad
177. Auriya Auriya
178. Azamgarh Azamgarh
179. Badaun Badaun
180. Bangarmau Unnao
181. Barabanki Barabanki
182. Bareilly Bareilly
183. Basti Basti
184. Bilaspur Pilibhit
185. Chandauli Chandauli
186. Chandausi Muradabad
187. Chaubepur Kanpur Nagar
188. Chibramau Kannauj
189. Deoria Deoria
190. Etah Mainpuri
191. Etawah Etawah
192. Faizabad Faizabad
193. Ghaziabad Ghaziabad
194. Golgokamnath Kheri
195. Gonda Gonda
196. Gorakhpur Gorakhpur
197. Hapur Hapur
198. Hardoi Hardoi
199. Hathras Hathras
200. Jahangirabad Bulandshahr
201. Jais Amethi
202. Jhansi Jhansi
203. Kaimganj Farrukhabad
204. Kannauj Kannauj
205. Kanpur Kanpur
206. Kasganj Kasganj
207. Khair Aligarh
208. Konch Jaunpur
209. Lucknow Lucknow
210. Madhoganj Hardoi
211. Mahmudabad Sitapur
212. Mahoba Mahoba
213. Mainpuri Mainpuri
214. Meerut Meerut
215. Moradabad Moradabad
216. Muzzaffarnagar Muzzaffarnagar
217. Noida Gautambudhnagar
218. Partawal Maharajganj
219. Pilibhit Pilibhit
220. Powayan Shahjahanpur
221. Pratapgarh Pratapgarh
222. Puranpur Bareilly
223. Rae Bareilly Rae Bareilly
224. Rampur Rampur
225. Rath Hamirpur
226. Robertganj Sonabhadra
227. Safdarganj Barabanki
228. Sahiyapur Basti
229. Shahjahanpur Shahjahanpur
230. Sirsaganj Firozabad
231. Sitapur Sitapur
232. Varanasi Varanasi
233. Varanasi Varanasi
234. Bahraich Bahraich
235. Lalitpur Lalitpur
236. Mathura Mathura
237. Saharanpur Saharanpur
238. Sultanpur Sultanpur

- User friendly to facilitate all the stakeholders viz. farmers, traders, commission agents, weighbridge operators, hamalis, and other mandi officials, to easily adopt the common platform
- Significant returns expected in 5 to 7 years to farmers, lower transaction cost to buyers, stable prices and availability to consumers, integrated value chain across country.
- iKisan (a division of NFCL) is proud to be associated with NAM and will continue its endeavor to bring benefits of mandi automation across all states in order to bring seamless market integration and benefit farmers and buyers across the country.

Board of Directors

K S Raju

Chairman

Chandra Pal Singh Yadav

Nominee of KRIBHCO

M P Radhakrishnan

Nominee of SBI

O Ramesh Babu

Nominee of IFCI

Shailendra Govind Nadkarni

Nominee of IDBI Bank

Anil Kumar P R

Nominee of ICICI Bank Ltd

C B Mouli

D Ranga Raju

Lalitha Raghuram

N C B Nath

S R Ramakrishnan

Uday Shankar Jha

K Rahul Raju

Managing Director

Registered Office

D.No 8-2-248,
Nagarjuna Hills, Punjagutta,
Hyderabad - 500 082
INDIA

CIN : L24129AP2006PLC076238

Website

www.nagarjunafertilizers.com

Manufacturing Facilities

Urea

Kakinada, East Godavari Dist,
Andhra Pradesh

Micro-Irrigation

Nacharam, Hyderabad,
Telangana

Sadashivpet Mandal, Medak Dist,
Telangana

Halol, Panchmahal Dist,
Gujarat

Auditors

M/s. M Bhaskara Rao & Co.,
Chartered Accountants
Hyderabad

Company Secretary

M Ramakanth

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 10TH ANNUAL GENERAL MEETING OF NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED WILL BE HELD AT 10.00 HOURS ON FRIDAY, SEPTEMBER 30, 2016 AT SRI SATYA SAI NIGAMAGAMAM, 8-3-987/2, SRINAGAR COLONY, HYDERABAD - 500 073 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the 10th Annual Report of the Company, Balance Sheet as at March 31, 2016, the Statement of Profit and Loss for the Financial Year ended March 31, 2016, the Cash Flow Statement for the Financial Year ended March 31, 2016 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chandra Pal Singh Yadav with DIN No.00023382 who has consented to retire by rotation in compliance with the requirements of Section 152 of the Companies Act, 2013, and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the consent of the Members be and is hereby accorded for the ratification of the appointment of Statutory Auditors of the Company, M/s. M Bhaskara Rao and Co.(Firm Registration Number-000459S), Chartered Accountants, Hyderabad, to hold office from the conclusion of the 10th Annual General Meeting up to the conclusion of the 11th Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors during the term of appointment i.e., from the conclusion of the 8th Annual General Meeting to the conclusion of the 13th Annual General Meeting.”

SPECIAL BUSINESS

4. 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 all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), Mr. Dantu Mitra, Cost Auditor appointed by the Board of Directors of the Company, to conduct the Cost Audit in relation to the products - ‘Manufactured Fertilizer’ and ‘Micro Irrigation’ of the Company for the financial year ending March 31, 2017, be paid the remuneration as may be fixed by the Board of Directors of the Company”
5. 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 Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. Uday Shankar Jha with DIN No. 00056510, who was appointed as an Additional Director of the

Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Mr. Uday Shankar Jha for the office of Director of the Company, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 15th Annual General Meeting, not liable to retire by rotation”

6. 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 Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. C B Mouli with DIN No. 00042949, who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Mr. C B Mouli for the office of Director of the Company, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 15th Annual General Meeting, not 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 pursuant to the provisions of Clause 14.5 of the Composite Scheme of Arrangement and Amalgamation between Ikisan Limited, Nagarjuna Fertilizers and Chemicals Limited (NFCL - earlier known as Kakinada Fertilizers Limited), Erstwhile Nagarjuna Fertilizers and Chemicals Limited (Erstwhile NFCL) and Nagarjuna Oil Refinery Limited (NORL) and their respective shareholders and creditors (Scheme) under Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 approved by the Hon’ble Andhra Pradesh High Court and Hon’ble Bombay High Court in terms of orders dated June 17, 2011 and June 27, 2011, the Fractional entitlements arising out of the Scheme, to be sold and realized and the net proceeds due for distribution to the shareholders of the company who are eligible to receive the same be and are hereby transferred to Investor Education and Protection Fund (IEPF) established by the Government of India in terms of the Companies Act, 2013 in view of, the inadequate realization of the net sale proceeds

By Order of the Board

Hyderabad
August 6, 2016

M Ramakanth
Company Secretary
Membership Number : FCS 1851

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.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
3. 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.
4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing remote e-voting facility as an alternative, to enable members to cast their vote electronically on all the resolutions set forth in the Notice to the 10th Annual General Meeting to be held on Friday i.e., September 30, 2016 at 10.00 Hours. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide remote e-voting platform to the members.

Please refer to the detailed instructions on remote e-voting at page no. 105 of the Annual Report 2015-16.

Members holding shares in demat form and members who have registered their email id with the Company will also receive the remote e-voting instructions by email.
5. Members who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before close of business hours (5.30 PM) of September 29, 2016.
6. Members are requested to notify immediately the change, if any, of the address /change in bank details to the Company's registered office, quoting their ledger folio number registered with the Company
7. 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.
8. The Register of Members and the Share Transfer Books will remain closed from September 23, 2016 to September 30, 2016 (both days inclusive).
9. The Company has commenced Trading of the equity shares at The Bombay Stock Exchange and The National Stock Exchange of India Limited effective from June 15, 2016 with Scrip Code 539917 and NAGAFERT respectively. Members may please refer to the Directors Report for more information on the matter.
10. The Company has paid the listing fees to The Bombay Stock Exchange and The National Stock Exchange of India Limited,

Mumbai, where the securities of the Company are Listed.

11. Members whose shareholding is in the electronic mode are requested to inform change of address, notifications and updates of bank account details to their respective Depository Participants only.
12. Members are requested to update the bank account number allotted after implementation of Core Banking Solutions (CBS) to the Company in case of shares held in physical form and to Depository Participant (DP) in case of shares held in demat form.
13. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.

Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.
14. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company, at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956) and such other enactments or regulations in lieu thereof that maybe in force from time to time, be transferred to the Investor Education and Protection Fund.

The Company in accordance with the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 29, 2015 (date of last Annual General Meeting) on the website of the Company (www.nagarjunafertilizers.com), as also on the website of the Ministry of Corporate Affairs.
15. The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits Companies to mail soft copies of the Annual Report to all those Members who have registered their e-mail addresses with the Company/Depository Participants. Accordingly, the Annual Report 2015-2016 along with the Notice of the 10th Annual General Meeting, instructions on remote e-voting, Ballot Form, attendance slip and proxy form is being mailed in electronic mode to all the members whose email addresses are registered with the Company/ Depository Participant unless communication is received to the contrary. Printed copies of the documents shall be mailed to members who have not registered their email addresses with the Company/Depository Participants or have requested for the same.

The Notice of the 10th Annual General Meeting along with the Annual Report 2015-2016 will be available on the Company's website, www.nagarjunafertilizers.com.
16. Members requiring a printed copy of the Annual Report may forward their request to the Company in writing.

17. Members are requested to address all correspondences, including dividend matters, to Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082.
 18. To support green initiative, the members holding shares both in Physical/ Demat form, who have not furnished their email addresses are requested to register/update their e-mail addresses with the Company/Depository Participants.
 19. As per Section 72 of the Companies Act, 2013 facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the Company. Members, in particular those holding shares in single name, are requested to avail the above facility by furnishing to the Company the particulars of their nomination. Members holding shares in electronic form may forward duly filled nomination form to their respective depository.
 20. The Company has designated an exclusive e-mail ID titled investors@nagarjunagroup.com for redressal of shareholder's complaints/grievances. In case of any queries/complaints or unresolved grievances, please write to us at ramakanthm@nagarjunagroup.com.
- a) Consent in writing to act as Director in Form DIR- 2
 - b) Declaration in Form DIR-8 confirming that they are not disqualified under Section 164(2) of the Companies Act, 2013.
 - c) Declaration as per Section 149(6) of the Companies Act, 2013, that they meet the criteria of independence.

It is proposed to appoint Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors of the Company not liable to retire by rotation upto conclusion of 15th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Uday Shankar Jha and Mr. C B Mouli fulfill the conditions for appointment as Independent Directors as specified in the Act, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Uday Shankar Jha and Mr. C B Mouli are independent of the management. Mr. Uday Shankar Jha has a vast experience in Rashtriya Chemicals and Fertilisers Ltd (RCF) as Chairman, Rajasthan RCF (RRCF) as Chairman, FACT RCF Builders Ltd (FRBL) as Chairman, RCF Hiranandani Mahimtura (RCF HM) as Chairman, RCF Hiranandani Mahimtura (RCF HM) as Chairman, Indian Potash Ltd (IPL) as Director, Fertilizer Association of India (FAI) as Director and Chairman one term, ICI as Director, Container Corpn of India (CONCOR) as Director, Madras Fertilisers Ltd (MFL) as Chairman and Brahmaputra Valley Fertilisers Corporation Ltd (BVFCL) as Chairman.

Mr. Uday Shankar Jha is a M.Sc. in Physics, Science College, Patna University, Patna and B.Sc. with Honours in Physics, Science College, Patna. Mr. Uday Shankar Jha completed Indian Railway Traffic Service (IRTS) in 1974. He has attended various short term and long term courses on logistics, marketing and management in various Institutions within India and abroad. He has presented papers in National and International seminars, chaired several technical sessions in various seminars both within and outside India.

Mr. C B Mouli is a member of the Institute of Chartered Accountants of India and also holds a Bachelor of Law Degree. Mr. C B Mouli is a Financial Consultant and Advisor to many leading business and industrial groups in the state of Telangana and Andhra Pradesh. He has vast experience in handling Taxation and Company Law matters, Statutory Audit and Project financing for public companies, Banks and reputed industrial houses for over 25 years.

Details in relations to names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the letters of appointment of Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors setting out the terms and conditions are available for inspection by Members at the Registered Office of the Company during normal working hours on any working day upto the date of the Annual General Meeting.

None of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions except Mr. Uday Shankar Jha and Mr. C B Mouli.

The Board commends the Ordinary Resolutions set out at Item No. 5 & 6 of the Notice for approval of the shareholders.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

The Board of Directors at their meeting held on May 12, 2016, on the recommendation of the Audit Committee, have approved the appointment of Mr. Dantu Mitra as Cost Auditor to conduct the audit of the cost records of the Company for the Products - Fertilizers (Plant-I and 2 at Kakinada) and other Machinery and Plastics & Polymers (Micro-Irrigation-Products) for the Financial Year 2016-17 by virtue of the Companies (Cost Records and Audit) Rules, 2014.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be approved by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No.4 of the Notice for payment of remuneration as fixed by the Board of Directors for the Financial Year 2016-2017.

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 4 of the Notice.

The Board commends the Ordinary Resolution set out at Item 4 of the Notice for approval of the members.

Item No. 5 & 6

The Board of Directors of the Company at their meeting held on August 6, 2016 appointed Mr. Uday Shankar Jha and Mr. C B Mouli as Additional Directors of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member alongwith deposit of ₹ 1,00,000/- each proposing the candidature of Mr. Uday Shankar Jha and Mr. C B Mouli as Independent Directors as per the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Uday Shankar Jha and Mr. C B Mouli, the following:

Item No. 7

The Composite Scheme of Arrangement and Amalgamation between Ikisan Limited, Nagarjuna Fertilizers and Chemicals Limited (NFCL - earlier known as Kakinada Fertilizers Limited), Erstwhile Nagarjuna Fertilizers and Chemicals Limited (Erstwhile NFCL) and Nagarjuna Oil Refinery Limited (NORL) and their respective shareholders and creditors (Scheme) under Sections 391 – 394 and other relevant provisions of the Companies Act, 1956 was approved by the Hon'ble Andhra Pradesh High Court and Hon'ble Bombay High Court in terms of orders dated June 17, 2011 and June 27, 2011, respectively.

In terms of the sanctioned Scheme shareholders of the Erstwhile NFCL who were eligible to receive shares in NFCL and NORL and shareholders of Ikisan who were eligible to receive shares in NFCL were allotted shares in multiples of one share. In so far as the fractions arising out of such entitlement of less than one share are concerned, the same were to be consolidated, and allotted to a Director/ Authorized Representative appointed by the Board. The Fractional entitlements had been held by Mr. M Ramakanth, Authorised Representative appointed by the Board in trust on behalf of equity shareholders entitled to the Fractional entitlements, with the express understanding that the Authorised Representative shall sell the same in the market, at such time or times and at such price or prices and to such person or persons as he may deem fit, and pay the proceeds to NFCL, whereupon NFCL shall distribute such net sale proceeds (after deduction of applicable taxes) to the equity shareholders in proportion to their respective Fractional entitlements. The Boards of NFCL in terms of Clause 15.5 of the Scheme had been authorized to deal with the matter in its absolute discretion. 36,139 shareholders are entitled to proceeds from sale of 16,510 fractional shares in proportion to their shareholding.

The Company has an option of distributing the sale proceeds in the form of warrants, cheques, ECS or Demand Draft. However, the Company will face practical difficulties in the distribution of sale proceeds in such a manner, in view of the high cost and volume involved. Assuming that the shares are quoted at ₹ 11.30/- per equity share (as on July 29, 2016), most of the shareholders will receive proceeds less than ₹ 1/- and the Company will have to incur exorbitant cost to disburse the sale proceeds (by way of cheque / warrant / ECS / demand draft) to each shareholder which will not be in the interests of the shareholders. Further the cost of maintenance of the Demat Account has to be deducted from the net sale proceeds received before distribution.

Accordingly, in view of the impracticability of disbursement of the net sale proceeds by cheque / warrant / ECS / demand draft, approval from the Members is sought to transfer the sale proceeds arising out of sale of Fractional entitlement to the Investor Education and Protection Fund ("IEPF") established by the Government of India in terms of Companies Act, 2013.

None of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolutions set out at Item No. 7 of the Notice for approval of the Member

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. to 12.30 p.m. on any working day prior to the meeting.

By Order of the Board

Hyderabad
August 6, 2016

M Ramakanth
Company Secretary
Membership Number : FCS 1851

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2016. The Financial Results and the Consolidated Financial Results of the Company for the year ended March 31, 2016 are as under:

A. BUSINESS AND FINANCIAL HIGHLIGHTS

| Financial Results | | ₹ in Crores | |
|---|-----------------------------|------------------------------|--|
| Particulars | 2015 – 2016 Current year | 2014 – 2015 Previous year | |
| Net Sales/Income from Operations | 3661.77 | 2531.52 | |
| Other Income | 28.49 | 40.99 | |
| Total Expenditure | | | |
| a. (Increase)/Decrease in Stock | (60.08) | (50.38) | |
| b. Cost of materials consumed | 1154.34 | 598.62 | |
| c. Employee Benefits expense | 147.36 | 137.73 | |
| d. Purchase of traded products | 873.64 | 1066.85 | |
| e. Power and fuel | 864.00 | 397.46 | |
| f. Other expenses | 410.90 | 323.37 | |
| Total | 3390.16 | 2473.65 | |
| Finance cost | 329.41 | 236.46 | |
| Depreciation and amortization | 92.66 | 93.44 | |
| Profit/ (Loss) before exceptional items, extra-ordinary items and tax | (121.97) | (231.04) | |
| Exceptional Items | - | 43.44 | |
| Profit/ (Loss) before extra-ordinary items and tax | (121.97) | (274.48) | |
| Extra-ordinary items | 8.12 | 87.15 | |
| Profit/(Loss) before tax | (130.09) | (361.63) | |
| Provision for tax | - | - | |
| Deferred tax | (16.08) | 4.99 | |
| Profit / (Loss) after tax | (114.01) | (366.62) | |
| Dividend – equity shares | - | - | |
| Tax on proposed dividend | - | - | |
| Balance c/d to Balance Sheet | (114.01) | (366.62) | |
| Paid Up equity share capital (Face value of ₹ 1/- per share) | 59.81 | 59.81 | |
| Reserves excluding revaluation reserve | 1531.95 | 1645.96 | |
| Earnings per share (annualized) – in ₹ Basic and Diluted | (1.91) | (6.13) | |

Consolidated financial statements are also attached along with the financial statements of the Company.

Financial Summary

The Loss after tax for the year was ₹ 114.01 crores against loss after tax of ₹ 366.62 crores for the previous year.

The Company recorded losses during the current year on account of less supply of Natural Gas and also at low pressure coupled with high interest cost due to delay in the receipt of subsidy from the Government of India.

| Consolidated Financial Results | | ₹ in Crores | |
|---|-----------------------------|------------------------------|--|
| Particulars | 2015 – 2016 Current year | 2014 – 2015 Previous year | |
| Net sales/income from operations | 3661.77 | 2531.52 | |
| Other income | 28.50 | 41.02 | |
| Total expenditure | | | |
| a. (Increase) /Decrease in stock | (60.08) | (50.38) | |
| b. Cost of materials consumed | 1154.34 | 598.63 | |
| c. Employee Benefits expense | 147.44 | 137.76 | |
| d. Purchase of traded products | 873.64 | 1066.85 | |
| e. Power and fuel | 864.00 | 397.46 | |
| f. Other expenses | 415.18 | 323.48 | |
| Total | 3394.52 | 2473.80 | |
| Finance cost | 329.42 | 236.49 | |
| Depreciation and amortization | 92.99 | 93.50 | |
| Profit/ (Loss) before exceptional items, extra-ordinary items and tax | (126.66) | (231.25) | |
| Exceptional Items | - | 123.92 | |
| Profit/ (Loss) before extra-ordinary items and tax | (126.66) | (355.17) | |
| Extra-ordinary items | - | 31.85 | |
| Profit/ (Loss) before exceptional items, extra-ordinary items and tax | (126.66) | (387.02) | |
| Provision for tax | - | - | |
| Deferred tax | (16.08) | 4.99 | |
| Profit / (loss) after tax before Minority interest | (110.58) | (392.01) | |
| Share of Loss transferred to Minority Interest | - | - | |
| Share of Loss from Associate Company | - | - | |
| Profit / (Loss) for the year | (110.58) | (392.01) | |
| Dividend-equity shares | - | - | |
| Tax on proposed dividend | - | - | |
| Balance c/d to Balance Sheet | (110.58) | (392.01) | |
| Paid-up equity share capital (Face value of ₹ 1/- per share) | 59.81 | 59.81 | |
| Reserves excluding revaluation reserve | 1531.90 | 1641.82 | |
| Earnings per share (annualized) – in ₹ Basic and Diluted | (1.85) | (6.55) | |

Share Capital and Debentures

The paid-up equity capital of the Company as on March 31, 2016 is ₹ 59,80,65,003/- consisting of 59,80,65,003 equity shares of ₹ 1/- each.

The Company has redeemed 6,83,42,480 number of Secured Redeemable Non-Convertible Non-Cumulative Debentures of ₹ 1/- each fully paid-up issued to the lenders of the Company as part of settlement of recompense for exiting Corporate Debt Restructuring, from out of the Debentures issued on June 20, 2014, aggregating to ₹ 100.41 crores.

Reserve

The details of amounts, which the Company proposes to carry to reserves, are detailed in the Notes to Accounts.

Restructuring

The equity shares of the Company which had been frozen consequent to the approval of the Composite Scheme of Arrangement and Amalgamation between Kakinada Fertilizers Limited (KFL), Ikisan Limited (Ikisan), Nagarjuna Fertilizers and Chemicals Limited (NFCL) and Nagarjuna Oil Refinery Limited (NORL) (Composite Scheme) by the Hon'ble High Court of Bombay at Mumbai on June 17, 2011 and by the Hon'ble High Court of Andhra Pradesh at Hyderabad on June 27, 2011 has now commenced Trading with effect from June 15, 2016.

The delay in the commencement of trading of the equity shares was in view of an application having been filed by SEBI in the High Court of Bombay at Mumbai to recall/ review the Order dated June 17, 2011 and Order dated July 22, 2011 of the High Court of Bombay at Mumbai. The matter had been heard by the Hon'ble High Court of Bombay at Mumbai which dismissed the application filed by SEBI on September 10, 2015 with costs.

Your Company, in view of the prolonged delay by SEBI, had also filed an Application before Securities Appellate Tribunal (SAT) to direct SEBI to grant relaxation / waiver of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

SAT on October 30, 2015 had directed SEBI to pass Orders in relation to the application of the Company for seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957. SEBI had filed a Civil Appeal in the Supreme Court of India which on January 22, 2016 dismissed the Civil Appeal filed by SEBI against the Order of SAT.

SEBI had sought two weeks time from the Supreme Court of India to pass Orders on the application of the Company seeking relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rule, 1957 and the same has been granted.

SEBI had filed an appeal before the Division Bench in the High Court of Bombay against the Order of the Single Judge and at the hearing on February 29, 2016 informed the Hon'ble High Court of Bombay that vide letter dated February 4, 2016 addressed to Bombay Stock Exchange Ltd, SEBI has granted relaxation to the Company from the applicability of Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 subject to the Company completing compliances and satisfying certain conditions while at same time requesting the Court that SEBI would continue to maintain the Appeal.

The Bombay Stock Exchange and The National Stock Exchange of India Limited commenced trading of the equity shares of the Company effective from June 15, 2016 with Scrip Code 539917 and NAGAFERT respectively.

Plant Operations

Urea

Your Company during the year manufactured 13.42 LMT of urea as against 9.32 LMT in the previous year.

Micro-Irrigation

Your Company achieved a production of 1,071 Lakh Mtrs against 1,547 Lakh Mtrs during the previous year.

Customized Fertilizers

Customized Fertilizers production and sale was restricted on account of difficult market conditions during the year.

MARKETING

Urea

Your Company achieved a sale of manufactured urea of 12.47 LMT compared to 9.33 LMT in the previous year.

The total urea sales for both manufactured and imported was 22.69 LMT compared to 22.35 LMT of previous year.

Other Traded Products

Specialty Fertilizers

Your Company sold Specialty Fertilizers of ₹ 117.71 crores during the year, in comparison with sales of ₹ 114.22 crores during the previous year

Micro-nutrients

Your Company sold Micro-nutrients of ₹ 108.75 crores during the year, in comparison with sales of ₹ 177.26 crores during the previous year.

Ikisan - NAM Project

Your Company has partnered with Government of India in the launch of eNAM, an online portal for trading in agriculture produce which was launched by the Hon'ble Prime Minister, Shri Narendra Modi. The Company will be automating 585 Mandis across India in a span of 2 years, i.e. 2018, and connect them to a common national platform. It is largest initiative undertaken by any Company in automating the world's second largest agri producer's markets. The eNAM marketplace as part of pilot project will initially enable farmers in 8 states to sell 25 commodities in 21 wholesale mandis. A farmer using this portal can monitor the price (price discovery) and decide when to sell. The number of mandis to which farmers will have access through eNAM would soon increase to 200 by September, 2016. The online market also provides the option to farmers to sell directly to the buyers.

Environment and Safety

Environment

Your Company continues its mission of protecting the environment and has inculcated the concept right down the organization.

The statutory compliance on environmental matters are being complied from time to time.

Safety

Your Company as on March 31, 2016 completed 32,90,520 accident-free man-hours by employees of the company.

Gas Supply

Consequent to the blast in gas pipeline of GAIL on June 27, 2014, and the resultant non supply of gas, the Company's plants were shut down till August 16, 2014. The production was restored in a phased manner based on the restoration of supply of gas by GAIL. In view of short supply of Natural Gas during the year, the production at the Company's plants continued to be substantially lower than normal resulting in abnormal losses.

Research and Development

Your Company is actively pursuing the development of cutting edge technologies to propel its core business and allied new business. The focus areas for technology development are in the areas of Fertilizer use efficiencies (Macro and Micronutrients), Green Chelating agent, Organic and Biofertilizers, Organic supplements, Green Ammonia and Green Nitric Acid. In each area, Company has