

Nagarjuna Fertilizers And Chemicals Limited



**2017-18
Annual
Report**

BOARD OF DIRECTORS

K S Raju
Chairman

Chandra Pal Singh Yadav
Nominee of KRIBHCO

Chintapalli Srinivasu
Nominee of IDBI Bank

Syed Shahabuddin
Nominee of SBI

N C B Nath

Uday Shankar Jha

Lalitha Raghuram

C B Mouli

Hariharan Ramanathan

K Rahul Raju
Managing Director

K Chandra Sekhar Naidu
Company Secretary

Secretarial Auditors
M/s. KBG Associates
Company Secretaries

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 District, Telangana

Halol, Panchmahal Dist.,
Gujarat

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

Cost Auditors
M/s. Sagar & Associates
Hyderabad

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED WILL BE HELD AT 10.00 A.M. ON SATURDAY, SEPTEMBER 29, 2018 AT SRI SATYA SAI NIGAMAGAMAM, 8-3-987/2, SRINAGAR COLONY, HYDERABAD - 500 073, TELANGANA, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

- 1) To receive, consider and adopt:
 - a) The Audited Standalone Financial Statement of the Company for the Financial Year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b) The Audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2018, together with the Report of the Auditors thereon.
- 2) To appoint a Director in place of Mr. Chandra Pal Singh Yadav (DIN 00023382) who retires by rotation and being eligible offers himself for re-appointment.
- 3) To ratify the appointment of M/s. M Bhaskara Rao and Co. (Firm Registration No-000459S), as Auditors for the period from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Members be and is hereby accorded for the ratification of the appointment of M/s. M Bhaskara Rao and Co. (Firm Registration No-000459S), Chartered Accountants, Hyderabad, as Statutory Auditors of the Company, who have confirmed their eligibility for continuing with their appointment, to hold office from the conclusion of the Twelfth Annual General Meeting up to the conclusion of the Thirteenth Annual General Meeting of the Company, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.”

SPECIAL BUSINESS:

- 4) To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2019 and in this regard to consider and if deemed fit, to pass 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), the Company hereby ratifies the remuneration of Rs.4,00,000/- plus taxes as applicable and reimbursement of out-of-pocket expenses, to M/s. Sagar & Associates (Firm Registration No- 000118) Cost Auditors, Hyderabad, appointed by the Board of Directors as Cost Auditors of the company, to conduct the Audit of the cost accounting records in relation to products - ‘Manufactured Fertilizer’ and ‘Micro Irrigation’ of the Company, for the year ending March 31, 2019.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

- 5) To appoint Capt. Hariharan Ramanathan as an Independent Director of the Company and in this regard to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Capt. Hariharan Ramanathan (DIN 03150763) who was appointed as an Additional Director of the Company by the Board of Directors, with effect from January 20, 2018 and who holds office till the date of this Annual General Meeting, 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 signifying his intention to propose the candidature for the office of Independent 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 up to the conclusion of the Seventeenth Annual General Meeting, not liable to retire by rotation.”

- 6) To approve charitable contribution to Nagarjuna Foundation and in this regard to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 135, Section 181 of the Companies Act, 2013 and other applicable provisions and the Rules made thereunder, the consent of the Company be and is hereby accorded for the financial year 2018-19, to the Board of Directors of the Company, to approve contribution to Nagarjuna Foundation, a Section 25 Company under the Companies Act, 1956 (now Section 8 Company under the Companies Act, 2013) with Registered Office at D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, Telangana, provided that the aggregate amount of contribution for the financial year 2018-19, shall not exceed an amount not exceeding the limits as set out in section 181 or a sum not exceeding Rs.1 Crore, whichever is higher, to be paid in one or more tranches as required from time to time for undertaking Corporate Social Responsibility activities on behalf of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Hyderabad
July 27, 2018

By Order of the Board

K Chandra Sekhar Naidu
Company Secretary
Membership Number: ACS 16684

NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“THE MEETING”) IS ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF 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.

THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- 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 hereto.
- 3) Brief profile of Mr. Chandra Pal Singh Yadav and Capt. Hariharan Ramanathan, Directors proposed to be appointed/re-appointed along with names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and their relationship with other directors inter-se, forms part of the Annual Report.
- 4) The Register of Members and the Share Transfer Books will remain closed from September 22, 2018 to September 29, 2018 (both days inclusive).
- 5) 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, in terms of Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956), the dividends which remain unclaimed for a period of seven years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred by the company to the Investor Education and Protection Fund (IEPF), established by the Central Government.

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 26, 2017 (date of last Annual

General Meeting) on the website of the Company viz., www.nagarjunafertilizers.com, as also on the website of the Ministry of Corporate Affairs / IEPF Authority.

- 6) Pursuant to the provisions of the Companies Act, 2013 and the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which the dividend remains unpaid / unclaimed for seven consecutive years or more shall be transferred by the company, to the demat account of IEPF Authority as notified by the Ministry of Corporate Affairs. Hence the company urges all the shareholders, to take necessary steps, to claim their respective dividend during the prescribed period.
- 7) Members / claimants whose unclaimed dividend, etc. have been transferred to the demat account of the IEPF Authority, may claim the unclaimed dividend and apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on iepf.gov.in) along with requisite fee as decided by the IEPF Authority from time to time. Member/ claimant can file only one consolidated claim in a financial year as per the IEPF Rules. Form IEPF- 5 is also available on the website of the Company at viz., www.nagarjunafertilizers.com under the 'Investors' section.

The Company had paid dividend to the shareholders for the financial year 2011-12 on September 27, 2012. Accordingly, the Company shall transfer the unpaid and unclaimed dividend and thereafter the shares of the shareholders during October, 2019 in terms of the above guidelines.

- 8) Pursuant to the provisions of Section 124(5) of the Companies Act 2013, the amount of dividend declared/paid for the financial year 2009-10 has been transferred on due date to the Investors Education & Protection Fund. Details of unpaid/unclaimed dividends lying with the Company are available on the website of the Company at www.nagarjunafertilizers.com. The unclaimed dividend pertaining to 2010-11 will be transferred to IEPF Account in the due course.
- 9) 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) holding shares in physical form are requested to furnish a certified copy of their PAN Card to the Company at Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082, Telangana, while transacting in the securities market including transfer, transmission or any other corporate action.

Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participant(s) with whom they are maintaining their demat accounts.

- 10) To prevent fraudulent transactions, members are requested to exercise due diligence and notify the Company of any change in address, change / updates in details of bank accounts, or demise of any member as soon as possible, at the company's Registered Office, quoting their ledger folio number registered with the Company. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the depository participant(s) and holdings should be verified. 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.

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.

- 11) Members holding shares in physical form are requested to consider converting their holding(s) to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company for assistance in this regard.
- 12) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agents, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
- 13) Members / Proxyholders and Authorized representatives are requested to bring to the Meeting, the duly filled in attendance slip(s) enclosed herewith along with their copy of Annual Report. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Act are requested to send to the Company, a certified copy of the Board Resolution authorizing representative to attend and vote on its behalf at the Meeting.
- 14) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.
- 15) As per the provisions of Section 72 of the Act, facility for making nomination is available for the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by

submitting Form No. SH-13. If a member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH-14. Members holding shares in physical form are requested to obtain the nomination forms from the Company. Members holding shares in electronic form may obtain the nomination forms from their respective depository participants.

- 16) The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits Companies to mail electronic copies of the Annual Report to those members who have registered their e-mail addresses with the Company / Depository Participant, unless Members have requested for a hard copy of the same. Accordingly, the Annual Report 2017-18 is being sent in electronic mode to 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 Participant or have requested for the same. For members who have not registered their email address, physical copies of the Annual Report for FY 2017-18 are being sent in the permitted mode. To support the 'Green Initiative', the members who have not registered their e-mail addresses are requested to register / update the same with Registrars/depository participant(s).

Members requiring a printed copy of the Annual Report may forward their request to the Company in writing.

- 17) Members desiring any information relating to accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready at the Annual General Meeting.
- 18) The Company has paid the listing fees to BSE Limited and The National Stock Exchange of India Limited, Mumbai, where the securities of the Company are listed.
- 19) The Notice of the Twelfth Annual General Meeting along with the Annual Report 2017-18 will be available on the Company's website www.nagarjunafertilizers.com.
- 20) Copies of all documents referred to in the notice and explanatory statement annexed thereto are available for inspection at the Registered Office of the Company during normal business hours on all working days till the date of the Annual General Meeting.
- 21) A route map showing directions to reach the venue of the Annual General Meeting forms part of the Notice.
- 22) 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, Telangana.

- 23) The Company has designated an exclusive e-mail ID titled investors@nagarjunagroup.com for redressal of shareholders complaints / grievances. In case of any queries / complaints or unresolved grievances, please write to us at chandrasekhar@nagarjunagroup.com.

- 24) 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 to enable members to cast their vote electronically on all the resolutions set forth in the Notice to the Twelfth Annual General Meeting to be held on Saturday, September 29, 2018 at 10.00 A.M. Hours. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide remote e-voting platform to the Members. Facility for voting through Ballot Form shall also be made available at the AGM. Members who have cast their vote by remote e-voting may also attend the meeting but shall not be allowed to vote again at the AGM.

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.

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 of September 28, 2018.

Remote e-voting facility will be available on the website www.evotingindia.com from Wednesday, September 26, 2018 and ends on Friday, September 28, 2018 at 5.00 P.M, after which the facility will be disabled by CDSL and remote e-voting shall not be allowed beyond the said date and time. The notice is also available on the website www.evotingindia.com.

Cut-off date is for determining the eligibility to vote by electronic means or at the meeting. A person who is not a member as on the cut-off date should treat this Notice for information purposes only. A member as on the cut-off date shall only be entitled for availing the remote e-voting facility or vote, as the case may be, in the Annual General Meeting. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting.

Details of Scrutinizers: Mr. C S S Krishna, Partner, M/s. K B G Associates, Company Secretaries at Flat No.101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar, Domalguda, Hyderabad – 500 029, Telangana, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The members, who have cast their vote prior to the meeting by remote e-voting may also attend the meeting but shall not be entitled to vote again or change their vote at the general meeting.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Wednesday, September 26, 2018 at 9:00 A.M and ends on Friday, September 28, 2018 at 5.00 P.M During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (available on the address label passed on the annual report and / or in the email sent to the members) in the PAN filed. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).
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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for **Nagarjuna Fertilizers and Chemicals Limited** on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CD-SL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) (i) the letter of appointment of representative(s) of the President of India or the Governor of a State; or
(ii) the authorisation in respect of representative(s) of the Corporations;
shall be received by the scrutinizer / company on or before close of e-voting.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

ANNEXURE TO NOTICE

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

Pursuant to Section 102 of the Companies Act, 2013 ("the Act"), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4, 5 & 6 of the accompanying Notice dated July 27, 2018:

Item No.4

The company is required to have its cost records audited by a Cost Accountant in practice. Accordingly the Board, at its meeting held on May 25, 2018 on recommendation of the Audit Committee, approved the appointment of and remuneration payable to M/s. Sagar & Associates, Cost Auditors, Hyderabad to conduct the audit of the cost records of the Company, for the Financial Year ending March 31, 2019, for the products "Fertilizers (Plant I and 2 at Kakinada) and other Machinery and Plastic and Polymers (Micro Irrigation Products).

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2019 as set out in the resolution, for the services rendered / to be rendered by the Cost Auditor.

None of the Directors and / or Key Managerial Personnel of the Company and / or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 4.

The Board recommends passing of the resolution set out in Item No. 4 as an Ordinary Resolution.

Item No.5

In accordance with the provisions of Companies Act, 2013 the appointment of an Independent Director requires approval of Members. Capt. Hariharan Ramanathan (DIN 03150763) was appointed as an Additional Director of the Company by the Board of Directors on January 20, 2018 pursuant to the provisions of Section 161 of the Act, based on the recommendation of the Nomination and Remuneration Committee.

In terms of Section 161 of the Act, Capt. Hariharan Ramanathan (DIN 03150763) holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Capt. Hariharan Ramanathan (DIN 03150763) for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has received from Capt. Hariharan Ramanathan (DIN 03150763) (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment And Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment And Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Capt. Hariharan Ramanathan is a Graduate from Delhi University and an ex-service man. He was involved in garments manufacture and exports and now serves as a consultant and conducts Skill Development training programs at various Institutes.

In the opinion of the Board of Directors, Capt. Hariharan Ramanathan (DIN 03150763), the Independent Director proposed to be appointed, fulfils the conditions specified in the Act, the Rules made thereunder and the Listing Regulations and he is independent of the Management. He does not hold any shares in the Company in his individual capacity or on a beneficial basis for any other person. In the opinion of the Board Capt. Hariharan Ramanathan (DIN 03150763) is independent of the management and possesses appropriate skills, experience and knowledge. A copy of the draft letter of appointment of Capt. Hariharan Ramanathan (DIN 03150763) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day up to the date of the Annual General Meeting. Pursuant to the provisions of Companies Act, 2013 and Listing Regulations, the resolution seeks the approval of the shareholders for the appointment of Capt. Hariharan Ramanathan (DIN 03150763) as an Independent Director of the Company, up to the conclusion of Seventeenth Annual General Meeting, not liable to retire by rotation.

The Board considers that in view of his rich experience, his association would be of immense benefit to the Company and it is desirable to avail the services of Capt. Hariharan Ramanathan (DIN 03150763) as an Independent Director.

Capt. Hariharan Ramanathan (DIN 03150763) and his relatives are interested in the Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution, financially or otherwise. He is not related to any of the Directors or Key Managerial Personnel of the Company.

Details as required pursuant to Companies Act, 2013, the Rules made thereunder, the Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings, is set out as Annexure to this notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 for approval by shareholders.

Item No.6

The Company has been undertaking various Corporate Social Responsibility (CSR) activities since the year 2008 under the aegis of Nagarjuna Foundation, a not-for-profit company under Section 25 of the Companies Act, 1956 (now Section 8 of the Companies Act, 2013).

In terms of Section 135 of the Companies Act, 2013, the Company is required to spend at least 2% of the average net profits of the company made during the three immediately preceding financial years on CSR activities.

In view of losses incurred in the preceding three years, the Company need not contribute towards Corporate Social Responsibility in accordance with Section 135 of the Companies Act, 2013 but is undertaking the same to maintain the CSR activities already commenced and the need to sustain the same.

Section 181 of the Companies Act, 2013 enables the Company to make contributions to bona fide charitable and other funds, subject to the approval of the Members in general meeting in case such contribution exceeds 5 per cent of the Company's average net profits for three immediately preceding financial years.

The Company proposes to contribute to Nagarjuna Foundation an amount not exceeding Rupees One Crore for the financial year 2018-19, for the purpose.

Accordingly, despite the losses incurred by the Company in the previous Financial Years and its continued commitment to society, the approval of the Members pursuant to Section 181 of the Companies Act, 2013 is sought.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. K Rahul Raju and Mr. K S Raju are concerned or interested in the resolution.

The Board recommends the Ordinary Resolution set out at Item 6 of the Notice for approval of the Members.

By Order of the Board

**Hyderabad
July 27, 2018**

**K Chandra Sekhar Naidu
Company Secretary
Membership Number: ACS 16684**