

BOARD OF DIRECTORS**DR. NITISH K. SEN GUPTA**

Chairman

SUKHENDU RAY

Director

P.K. MALLIK

Director

K.S. RAJU

Director

D. RANGA RAJU

Director

R.S. NANDA

Director

SUDHAKAR KUDVA

Director

K. RAHUL RAJU

Director

K. LAKSHMI RAJU

Director

N. VIJAYARAGHAVAN

Whole-Time Director

C.M. ASHOK MUNI

Director & Chief Operating Officer (COO)

K. RAGHU RAMAN

Director

R.K.S. PRASAD

Chief Financial Officer

D. SURESH BABU

VP Legal & Company Secretary

23rd
ANNUAL GENERAL MEETING

Day : Friday

Date : 30th July, 2010

Time : 10.00 a.m.

Venue : KLN Prasad Auditorium
Federation of Andhra Pradesh
Chambers of Commerce
and Industry,
Federation House,
11-6-841, Red Hills,
Hyderabad - 500 004.

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S**Registered Office :**

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

Factories :

Arinama Akkivalasa
Etcherla Mandal
Srikakulam
Andhra Pradesh

Shadnagar
Nandigaon Village,
Kothur Mandal, Mahaboobnagar,
Andhra Pradesh

Ethakota P.O.,
Ravalapalem, East Godavari,
Andhra Pradesh

Auditors :

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

Bankers :

State Bank of India
HDFC Bank Limited
ICICI Bank Limited
Punjab National Bank
IDBI Bank Limited
New India Co-op. Bank Ltd.

Share Transfer Agents :

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

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of Nagarjuna Agrichem Limited will be held at 10.00 a.m on Friday , 30th July, 2010 at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on the Equity Shares.
3. To appoint a Director in the place of Dr.Nitish K Sen Gupta, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. Sukhendu Ray who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mr. K Rahul Raju who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in the place of Mr.D Ranga Raju, who retires by rotation and is eligible for re-appointment.
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

“ RESOLVED THAT the retiring auditors of the Company M/s M Bhaskara Rao & Co., Chartered Accountants , Hyderabad being eligible for re-appointment be and are hereby re-appointed as Statutory Auditors of the company to hold office from the conclusion of the 23rd 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 on the recommendation of the Audit Committee”.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. K Raghuraman, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 30th July, 2009 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

“RESOLVED THAT pursuant to sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 approval of the Company be and is hereby accorded for the re-appointment of Mr.N.Vijayaraghavan as Whole Time Director of the Company for a period of One year with effect from 24th October, 2009 on the terms and conditions including remuneration as set out below:

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

- i. Basic Salary: Rs.90,000/- per month.
- ii. Perquisites:
 - a. The Company will pay a fixed sum of Rs.25,000/- per month by way of House Rent Allowance.
 - b. The Company will pay a sum of Rs.30,000/- per month as Conveyance Allowance.

- c. The Company will pay a Special Allowance of Rs.35,865/- per month.
 - d. Apart from the above perquisites the Company will contribute towards Provident Fund to the extent of 12% of his basic salary and will be eligible to receive medical reimbursement of Rs.25,000/- per annum and Leave Travel Concession of Rs.75,000/- per annum.
 - iii. In the event of loss or inadequacy of profits in any financial year, the Whole time Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.
 - iv. The Whole time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
 - v. The appointment of one year may be determined by either party by giving one months' notice in writing to the other party."
- 2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such a proxy need not be a member of the Company. Proxies (in the annexed form) and power of attorneys, in order to be effective must be received at the registered office of the Company not later than 10.00 a.m on the 28th July, 2010.
 - 3 Members holding shares in physical and electronic form are requested to inform immediately the change, if any, in their address to M/s. Bigshare Services Pvt. Ltd, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 500 082.
 - 4. The Register of Members and Share Transfer Books will remain closed from 23rd July, 2010 to 30th July ,2010 (both days inclusive).
 - 5 The Dividend, if declared, will be paid to the members entitled thereto, whose names appear in the Registers of the Company as on 23rd July, 2010.
 - 6 Members are advised to avail nomination facility as per the amended provisions of Companies Act, 1956, for which nomination forms are available with the Registrars.
 - 7 Consequent upon amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund.
 - 8. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
 - 9. Shareholders are requested to furnish their e-mail ID's to enable the company forward information in relation to the company on a regular basis.

By Order of the Board

D Suresh Babu

VP-Legal & Company Secretary

Place : Hyderabad

Date : 26th April, 2010

Notes:

- 1. The Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of the business under Item No.8 & 9 above is annexed.

10. The Securities and Exchange Board of India (SEBI) 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 / RTA while transacting in the securities market including transfer, transmission or any other corporate action.

Accordingly, all the shareholders / transferee(s) of shares (including joint holders) are requested to furnish a certified copy of their PAN card to the company / RTA while transacting in the securities market including transfer, transmission or any other corporate action.

- 10 All communication relating to shares are to be addressed to the Company's Transfer Agents, M/s. Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 500 082.
11. The Company has paid the Listing Fees for the year 2010-2011 to The Stock Exchange, Mumbai where the shares of the Company are listed.
12. Re-appointment of Directors:

At the ensuing Annual General Meeting; Dr.Nitish K Sen Gupta, Mr, Sukhendu Ray, Mr. K Rahul Raju and Mr. D Ranga Raju, Directors retire by rotation and being eligible offer themselves for re-appointment. Mr. K.Raghuraman who has been appointed as an Additional Director on 30th July, 2009 and Mr.N.Vijayaraghavan have been re-appointed as Whole-time Directors during the year under review by the Board of Directors of the Company. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange are furnished in the statement on Corporate Governance published in this Annual Report.

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

Item no.8 :

Mr K Raghuraman was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 30th July, 2009. Pursuant to Sec.260 of the Companies Act, 1956 Mr. K Raghuraman will hold office of Director only up to the date of this Annual General Meeting. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. K.Raghuraman for the office of the Director of the Company under the provisions of the Companies Act, 1956. Accordingly the Board recommended the resolution set out in item no.8 of the Notice for approval of the members.

Memorandum of Interest of Directors:

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

As required under clause 49 of the Listing Agreement with the Stock Exchanges, Mr. K Raghuraman has disclosed to the Company that he is holding 'NIL' equity shares in the Company.

Item No.9

Mr.N.Vijayaraghavan was appointed as an Additional Director of the Company by the Board of Directors at its meeting held 16th September, 2008 and thereafter was appointed as a Whole Time Director of the company for a period of one year with effect from 24th October, 2008. Pursuant to the provisions of the Companies Act, 1956, Mr.N.Vijayaraghavan will hold office of Director only up to the date of this Annual General Meeting and is eligible for re-appointment. The Board of Directors at their meeting held on 29th October, 2009, subject to the approval of the Members and the Central Government, if necessary,

re-appointed Mr.N.Vijayaraghavan as a Whole-time Director of the Company, with effect from 24th October, 2009 for a period of one year based on the re-commendation of the remuneration committee. Mr. N Vijayaraghavan, is a B.Tech., (Metallurgy) from IIT, Chennai and holds a Post Graduate Diploma in Business Management from IIM, Ahmedabad. He has over 36 years of experience in various senior positions. He has worked in Larsen & Toubro Limited, ITW Signode Limited, Nagarjuna Fertilizers and Chemicals Limited and Sterlite Industries Limited. The industry spectrum of his experience includes various manufacturing fields. His experience includes Fertilizer Manufacturing and Marketing Management and General Management.

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

Date of Birth	22 nd July, 1949
Qualifications	B.Tech – Metallurgy (IIT Madras), PGDM, IIM, Ahmedabad
Experience and expertise in specific functional area	Over 36 years of experience in various senior positions
Relationship with other Directors of the Company	None
Current Shareholding in Nagarjuna Agrichem Limited	None
Directorships held in other Indian Public Limited Companies	None
Membership / Chairmanship of Committees in Indian Public Limited Companies	None

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

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Act, the approval of the members in General Meeting is required to be obtained for the appointment and the terms of remuneration of Mr. N. Vijayaraghavan as the Whole-time Director and as set out in Item No .9 of the Notice.

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

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

Memorandum of Interest of Directors

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

The Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr. N. Vijayaraghavan's services and accordingly the Directors commend the Resolutions at Item No. 9 for approval by the Members.

By Order of the Board
D Suresh Babu
 VP-Legal & Company Secretary

Place : Hyderabad
 Date : 26th April, 2010

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2010 .

Operating Results

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

(Rs. in Lakhs)		
Particulars	2009-10	2008-09
Sales / Income from Operations	65031	60536
Other Income	867	166
Total Income	65898	60702
Profit Before Taxation	9127	8040
Less : Provision for Taxation	3151	3114
Profit After Taxation	5976	4926
Add : Surplus brought forward	9856	6301
Amount available for appropriation	15832	11227
Appropriations		
Your Directors recommend appropriations as under:		
Transfer to General Reserve	600	500
Dividend		
- Interim Paid	298	298
- Interim Corporate Dividend Tax	51	51
- Final (Proposed)	447	447
- Provision for Corporate Dividend Tax	76	75
Surplus Carried Forward	14360	9856
Total Appropriations	15832	11227

Dividend

The Board of Directors of the Company at their meeting held on 29th October, 2009 had declared an interim dividend of Rs.2.00 for each equity share of Rs.10/-. The dividend was paid to the shareholders on due date.

The Board of Directors are pleased to recommend a final dividend of Rs.3/- for each equity share of Rs.10/- on the equity Share Capital of the Company for the financial year ended 31st March 2010.

Performance

During the year under review, Sales were Rs.650.31 Crores as compared to Rs 605.36 Crores during the previous year. The Profit After Tax for the year under review was Rs.59.76 Crores as compared to Rs.49.26 Crores during the previous year. The cash profits for the year under review were Rs.80.18 Crores as compared to Rs.69.41 Crores during the previous year.

Domestic & Export Markets

The Agro Chemical industry has witnessed a growth of 2% in the domestic market during the year under review due to deficit rain.

This year Kharif / Rabi acreage was affected adversely and continued dry spells in many parts of the Country resulted in less pest infestation. Against all the odds your Company saw 21% growth in branded sale while this segment grew only by 2% which placed it ahead of many competitors.

Exports dropped by 15% largely owing to global recession and climatic vagaries. Initially panic liquidation of stocks has scuttled the demand supply equation and at later part of the year there was a roll back of stocks due to lesser fungal attack and pest infestation as a common global phenomena.

The Climatic adversity, severe competition and crop specific business dynamic has stretched the credit market. Also strategic placement of products resulted in inventory built up.

The over all business scenario in your Company in both export and domestic market put together proved to be favorable, despite various market constraints so far, due to the improved operational efficiency and proactive steps taken to grab business opportunity. The focus on the aforesaid areas will continue to be stronger in the coming year.

Your Company gained due to natural hedging in a fairly stable forex market.

New Project

As a support to its growth plan in the technical export market, your Company is planning to set up a green field project which is expected to be operational during first half of the Financial Year 2012-13.

Environment Protection

Your Company is continuously committed to the environment protection and responsible care for all its stake holders. It is also driven as a corporate culture through its various welfare activities.

Your Company is recommended ISO 9001:2008, ISO 14001:2004; OHSAS 18001:2007 certification accreditation for its proven standards covering Quality, Environment, Safety and Occupational Health Management Systems.

Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo

Disclosures required under the provisions of Section 217 (1) (e) of the Act relating to conservation of energy, technology absorption and foreign exchange outgo and earning, in terms of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988, are set out in a separate

statement attached hereto and forms part of this report.

Fixed Deposits

The Company has not accepted any public deposits and as such no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Dr.Nitish K Sen Gupta, Mr. Sukhendu Ray and D.Ranga Raju, Directors of the Company will be retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

During the year under review the Company has appointed Mr.K.Raghuraman as an additional director on the Board of Directors of the Company on 30th July, 2009 and he cease to be director on the date of this Annual General Meeting. Notice under Section 257 has been received proposing their appointment as Director on the Board.

The Board of Directors at their meeting held on 29th October, 2009 re-appointed Mr. N. Vijayaraghavan as Whole Time Director for a period of one year with effect from 24th October, 2009 as recommended by the members in the Remuneration Committee Meeting.

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the Members without the statement of particulars under Section 217(2A). Any Member interested in obtaining a copy of this statement may write

to the Company Secretary at the Registered Office of the Company.

Auditors

M/s. M Bhaskara Rao & Company, Chartered Accountants, Hyderabad, the Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting. They have

signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that :

- (i) In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Personnel

Industrial relations at the factory and at Head Office continued to be cordial.

Corporate Governance

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange forms part of the Annual Report.

Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

Acknowledgement

Your Directors wish to place on record their appreciation of the support, co-operation and assistance received from the Customers, Government authorities, State Bank of India, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited and New India Co-Operative Bank Ltd., Mumbai, Shareholders, Suppliers, Associates and the community in the vicinity of the plants.

On behalf of the Board

Mr.K.S.Raju

Director

Mr.C.M.Ashok Muni

Director & Chief Operating Officer

Place: Hyderabad

Date : 26th April, 2010

ANNEXURE TO THE DIRECTORS' REPORT

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A . POWER AND FUEL CONSUMPTION	UNIT	2009-10	2008-09
1. Electricity :			
(A) Purchases			
Unit	KWH	20737854	23071097
Total Amount (Net of Subsidy)	Rs.in Lakhs	686.31	729.16
Rate / Unit	Rs.	3.31	3.16
(B) Own Generation			
(i) Through Diesel Generator Unit	KWH	2227599	1148682
Unit Per Liter of Diesel Oil	Rs.	3.18	3.28
Cost / Unit	Rs.	12.03	12.06
2. Coal (Specify Quality & Where Used)		C Rom - Used for Boiler	
Quantity	MT	26184.60	25982.54
Total Cost	Rs.in Lakhs	764.71	846.99
AAverage Rate / MT	Rs.	2920.45	3259.85
3. Furnace Oil			
Qunaity (K LTRS)	KL	834.40	1562.86
Total Amount	Rs.in Lakhs	218.95	374.48
Average Rate	Rs	32880	23961
4. Other / Internal Generation			
Diesel / Furnace Oil			
Quantity	KL	223.287	94.08
Total Cost	Rs.in Lakhs	57.29	34.74
Rate / Unit (MT)	Rs.	25657	36929
5. Consumption Per Tonne of Production			
Electricity	KWH	4095	4048
Furnace Oil	KL	0.16	0.27
Coal - Quality : C Rom	MT	5.17	4.50
Others - Farm Waste / Diesel	MT	0.04	0.01

FORM B

Form for disclosure of Particulars with respect to technology absorption.

A. RESEARCH AND DEVELOPMENT (R&D)

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | a. R& D Work on the existing processes to make them environmentally friendly and cost effective.

b. Indigenous process developments for new products. |
| 2. Benefits derived as a result of the above R&D | Increased export business and improved product quality. |
| 3. Future plans of action | Introduction of new products through indigenously developed technology. |
| 4. Expenditure on R&D | |
| a. Capital | Rs. 0.99 lakhs |
| b. Recurring | Rs.109.36 lakhs |
| c. Total Expenditure as a percentage of total turnover | 0.17% |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|---|---|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation. | Increased size of R&D process development, purchase of new equipments and generation of process technical for new products. |
| 2. Benefits derived as a result of the above effort eg. Product improvement, cost reduction product development, import substitution etc., | a. The plants operate effectively with new addition of products.
b. Exports started growing. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the technical year) following information may be furnished | |
| a. Technology imported | None |
| b. Year of import | Not Applicable |
| c. Has technology been fully absorbed | Not Applicable |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | Not Applicable |

C. PARTICULARS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

- i. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans

Exports are an important part of Nagarjuna's future growth strategy. As a result of new production introduction and Research & Development investments, Exports have shown a steady growth over the last 5 years.

ii. Foreign Exchange Outgo and Earnings

Foreign Exchange Outgo	Rs. Lakhs
Raw Materials	17,448.38
Capital Goods	119.24
Traded Goods	Nil
Others	131.07
Total	17,698.69
Foreign Exchange Earnings(FOB Value)	22,479.23

A. CORPORATE GOVERNANCE

At Nagarjuna we believe in the philosophy of **SERVING SOCIETY THROUGH INDUSTRY.**

This philosophy is backed by principles of concern, commitment, quality and integrity in all its acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Group towards higher horizons.

At Nagarjuna we continue to strive to transform the business environment we operate in. We are also at work transforming the society around us. Our aim is to create an environment which enhances opportunities for all the good things, better health, education and overall quality of living that life has to offer.

B. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company views Corporate Governance under the following major parameters:-

1. Transparency in relation to appointments, remuneration, meetings of the Directors on the Board of the Company, Responsibility and Accountability of the Board of Directors.
2. Providing correct, accurate and relevant information to the shareholders regarding the functioning and performance of the Company pertaining to financial and other non-financial matters.
3. Internal and External Controls and Audits.

Date of Report

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2010.

The report is updated as on the date of the report wherever applicable.

C. BOARD OF DIRECTORS

(i) Pecuniary Relationship

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

(ii) Composition

The present strength of the Board of Directors is 12 (twelve) .

The Board consists of eminent persons with considerable professional expertise and experience in setting up and operating agrochemical manufacturing plants and pesticide formulations and in other fields such as finance, accounts, legal and taxation.

The Company has not entered into any materially significant transactions with its promoters, directors, management or relatives etc., which could have a potential conflict of interest with the Company.

During the year under review, **Five** Board Meetings were held on 28th April, 2009, 30th July, 2009, 29th October, 2009, 28th January, 2010 and 23rd March, 2010.

The details of the composition of the existing Board of Directors are given below:

Sl No.	Name of the Director	Designation	Executive/Non-Executive/Independent	No. of other directorships held		Membership held in Committees of other Companies	No. of Board Meetings attended	Attendance at the last AGM held Y/N
				Public	Private			
1	Dr.Nitish K. Sen Gupta	Chairman	Independent & Non-Exec.	6	1	-	3	Y
2	Mr.K.S.Raju	Director	Non-Executive	10	10	7	5	Y
3	Mr.Sukhendu Ray	Director	Independent & Non-Exec.	6	-	7	5	Y
4	Mr.P.K.Mallik*	Director	Independent & Non-Exec.	-	-	-	-	N
5	Mr.D. Ranga Raju	Director	Independent & Non-Exec.	2	1	-	5	N
6	Mr. K.Rahul Raju	Director	Non-Executive	5	7	-	5	N
7	Mrs.K.Lakshmi Raju	Director	Non-Executive	1	-	-	2	N
8	Mr.R.S.Nanda	Director	Independent & Non-Exec.	2	-	-	5	Y
9	Mr.C.M.Ashok Muni	Director & Chief Operating Officer	Executive	-	1	-	5	Y
10	Mr.Sudhakar Kudva	Director	Independent & Non-Exec.	1	-	-	5	Y
11	Mr.N.Vijayaraghavan	Whole-time Director	Executive	-	-	-	5	Y
12	Mr.K.Raghuraman**	Director	Independent & Non-Exec.	7	-	-	3	N

* Leave of absence was obtained from the director

** Appointed as a Director with effect from 30th July, 2009

D. INFORMATION TO THE BOARD

During the year, the Board of Directors of the Company had been furnished information (including, but not limited to the following) to enable the Directors contribute in the decision making process:

- Quarterly results of the Company.
- Annual operating plans, budgets, capital budgets, updates and all variances.

- Contracts in which directors are deemed to be interested.
- Compliance of any regulatory, statutory nature or listing requirements.
- Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.

E. COMMITTEES OF DIRECTORS

The Board of Directors have constituted the following committees with adequate

delegation of powers to discharge day-to-day affairs of the Company as well as to meet the exigencies of the business of the Company.

The Committees constituted by the Board as on date are:

1. Share Committee (Shareholders and Investors' Grievance Committee):

The Share Committee approves and monitors transfers, transmission, splitting and consolidation of shares issued by the Company. The Committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of Annual Report, dividend, etc.,

Mr.K.S.Raju chairs the Share Committee. The other members of the Committee are Mr. D. Ranga Raju and Mr.R.S.Nanda.

The quorum of the Committee is 2 members.

The Committee met 11 times during the year. The power to process dematerialization requests has also been delegated to the executives of the Share Transfer Agents of the Company to avoid delays. All the share transfer applications received up to 31st March, 2010 have been processed. The details of share transfers are reported to the Board of Directors.

Further, no penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any statutory authority, on any matter related to capital markets, during the last three years. 43 requests for transfer of shares and 106 requests for dematerialization of shares were received during the year.

The Company during April 1st, 2009 to March 31st, 2010 received 440 letters / complaints from the investors. All the complaints were attended to and resolved and there were no balance letters / complaints pending resolution.

The details of attendance of members of the Share Committee Meeting are as follows:

Name of the Member	Status	No. of meetings attended (Total held-11)
Mr.K.S.Raju	Chairman	11
Mr.D.Ranga Raju	Member	10
Mr.R.S.Nanda	Member	9

2. Audit Committee:

The Audit Committee constituted by the Board consists of Dr. Nitish K Sen Gupta, Chairman, Mr. D. Ranga Raju, Director, Mr. P.K. Mallik, Director and Mr. Sukhendu Ray, Director. The Committee is chaired by Dr. Nitish K Sen Gupta.

The quorum of the Committee is 2 members.

The terms of reference of the Audit Committee are in accordance with paragraph C & D of Clause 49(ii) of the Listing Agreement entered into with the Stock Exchange and inter-alia includes the following:

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :

- a) Matters required to be included in the Director's Responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
 - h) Review regarding the going concern assumption and compliance with accounting standards.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 14. To review the Company's financial and risk management policies.
- The Statutory Auditors, the Internal Auditors were present as invitees for the meetings of the Audit Committee.
- The Audit Committee of Directors had met four times during the period under review and the meetings were held on 28th April, 2009, 30th July, 2009, 29th October, 2009 and 28th January, 2010.
- The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held-4)
Dr.Nitish K Sen Gupta	Chairman	3
Mr.D. Ranga Raju	Member	3
Mr. Sukhendu Ray	Member	4
Mr. P.K. Mallik	Member	-

3. Banking Committee:

The Banking Committee constituted by the Board consists of Mr. K.S.Raju, Director, Mr. D. Ranga Raju, Director and Mr. C.M Ashok Muni, Director. The Committee is Chaired by Mr. K.S.Raju.

The quorum of the Committee is 2 members.

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

- To open new Accounts with any Bank and approve the list of persons authorised to operate such accounts and to make such changes as may be necessary from time to time.
- Availment of term loans and working capital facilities/credit facilities including non-fund based limits by the company from Financial Institutions, Banks and others subject to such credit facilities so availed along with the existing credit facilities, shall not exceed the limits as approved by members of the Company u/s 293 (1) (d) of the Companies Act, 1956.
- To authorise persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing such credit facilities.
- To authorize closure of Accounts of the Company, with various Banks, as may be occasioned from time to time.

During the year the Committee met 7 times. The details of attendance of members of the Banking Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held-7)
Mr. K.S. Raju	Chairman	7
Mr. D.Ranga Raju	Member	5
Mr. C.M Ashok Muni	Member	7

4. Remuneration Committee:

The Company had constituted a Remuneration Committee with three independent Non-Executive Directors to determine the remuneration package of Director and COO / Wholtime Directors. The Remuneration Committee as on 31st March, 2010 comprised of Dr. Nitish K Sengupta, Chairman, Mr. Sukhendu Ray, Member and Mr. P.K. Mallik, Member. The functioning and terms of reference of the Remuneration Committee are as prescribed under the Listing Agreement with the Stock Exchanges and it determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors. The Remuneration of the Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration policy of the Company.

The Remuneration Committee of Directors had met one time during the year and the meeting was held on 29th October, 2009. The details of attendance of member of the Remuneration Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held-1)
Dr.Nitish K Sen Gupta	Chairman	1
Mr. Sukhendu Ray	Member	1
Mr. P.K. Mallik	Member	-

F. REMUNERATION TO DIRECTORS

The Non-executive Directors of the Company are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors. The details of sitting fees paid to the Non-executive Directors of the Company during the year 1st April, 2009 to 31st March, 2010 is given below:

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors
Dr. Nitish K Sen Gupta	Rs. 28,000/-
Mr. Sukhendu Ray	Rs. 36,000/-
Mr. P.K. Mallik	--
Mr. K.S. Raju	Rs. 68,000/-
Mr. D. Ranga Raju	Rs. 44,000/-
Mr. K. Rahul Raju	Rs. 16,000/-
Mrs. K. Lakshmi Raju	Rs. 8,000/-
Mr. R.S.Nanda	Rs. 60,000/-
Mr. Sudhakar Kudva	Rs. 20,000/-
Mr. K.Raghuraman	Rs. 4,000/-
Total	Rs. 2,84,000/-

The details of remuneration paid/payable for the financial year 1st April, 2009 to 31st March, 2010 to Mr.C.M.Ashok Muni, Director and Chief Operating Officer is as under:

Component	Rs.
Salary	50,76,000
Perquisites and Other Benefits	2,32,329
Contribution to Provident Fund	2,88,000
Performance Linked Incentive	14,00,000
Total	69,96,329

The details of remuneration paid/payable for the financial year 1st April, 2009 to 31st March, 2010 to Mr.N.Vijayaraghavan, Whole-time Director:

Component	Rs.
Salary	21,70,380
Perquisites and Other Benefits	1,01,228
Contribution to Provident Fund	1,29,600
Total	24,01,208

G. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

No. of AGM & FY	Date & Time	Location	Special Resolutions Passed
20 th AGM 2006-07	26-07-2007 at 10.00 a.m	KLN Prasad Auditorium of Federation of Andhra Pradesh Chamber of Commerce & Industry, No.11-6-841, PBNo.14, Red Hills, Hyderabad-500 004 .	No Special Resolution was passed.
21 st AGM 2007-2008	28-07-2008 at 10.00 a.m	KLN Prasad Auditorium of Federation of Andhra Pradesh Chamber of Commerce & Industry, No.11-6-841, PBNo.14, Red Hills, Hyderabad-500 004	Appointment of Mr.G.S Raju as Managing Director of the company
22 nd AGM 2008-2009	30-07-2009 at 10.00 a.m	KLN Prasad Auditorium of Federation of Andhra Pradesh Chamber of Commerce & Industry, No.11-6-841, PBNo.14, Red Hills, Hyderabad-500 004	Appointment of Mr.N.Vijaya Raghavan as Whole Time Director of the company. Appointment of Mr. C.M Ashok Muni, as Director and Chief Operating Officer of the Company.

Further, no Special resolution requiring a postal ballot under Section 192A of the Companies Act, 1956, was placed before the last AGM. Similarly, no special resolution requiring a postal ballot is proposed to be placed for the shareholders approval at the forthcoming Annual General Meeting.

H. DISCLOSURES

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with the promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

Details of related party transactions have been disclosed under Note No.12 of

Schedule P(B) in the financial statements. There are no transactions which may have potential conflict with the interests of the Company at large.

- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by a Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years.

There has been no instance of non-compliance.

I. FIXED DEPOSITS

During the period under review, the Company has not accepted any Fixed Deposits in terms of Section 58A of the Companies Act, 1956.

J. UNCLAIMED DIVIDEND

In accordance with the provisions of Section 205-C of the Companies Act, 1956, Unpaid / Un claimed dividend for a period of seven years, transferred to Investors Education and Protection Fund established by the Central Government.

K. MEANS OF COMMUNICATION:

The quarterly / half yearly un-audited and annual audited financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board of Directors.

The results were published in Business Line, Financial Express in English and Andhra Prabha in Telugu (regional language). The results are not posted on the Company's Website but are sent to the Bombay Stock Exchange wherein the same is posted in their website www.bseindia.com. Further as required, these are uploaded in the SEBI's Website under Electronic Data Information Filing And Retrieval System (EDIFAR) and can be retrieved from the web site www.sebiedifar.nic.in.

L. Compliance of Insider Trading Norms:

The Company in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 has formulated a well defined Insider Trading Policy which prohibits its employees and other associates to deal with the securities of the Company based on any unpublished price sensitive information.

The Insider Trading Policy lays down the guidelines which advise all the persons considered as Insiders on the procedures to be followed and disclosures to be made while

dealing with shares of the Company and cautioning them of the consequences of violation.

M. Information required under Clause 49 IV (G) of the Listing Agreement with respect to the Directors retiring by rotation and seeking reappointment / Directors sought to be appointed is as under:-

At the ensuing Annual General Meeting, Dr. Nitish K Sen Gupta, Mr. Sukhendu Ray, Mr. D Ranga Raju and Mr. K Rahul Raju, Directors of the Company, retire by rotation and being eligible seek re-appointment.

On 30th July, 2009 Mr. K Raghuraman was appointed as an Additional Directors of the Company.

On 24th October, 2009 Mr.N.Vijayaraghavan was re-appointed as Whole-time Director of the Company.

Brief Profiles of the above Directors along with particulars of their directorships and Committee memberships are as under:

- 1. Dr. Nitish K Sen Gupta**, a Doctorate from Delhi University and a Conferred Doctorate by Andhra University and an M.A First Class First Gold Medalist from the University of Calcutta in 1955 and a Post Graduate in Public Administration from Manchester under the British Council Scholarship and an eminent academician. He joined the Indian Administrative Service in 1957 and had held several key positions under the Government of India and in the State Govt. of West Bengal. After retirement from Indian Administrative Service in 1992, he has become Director General of International Management Institute and stepped down in January, 2005. He joined politics in the

year 1996 and was elected to 13th Lok Sabha in 1999. He has published many books, viz., Unshackling of Indian Industry, Changing Patterns of Corporate Management, Inside the Steel Frame, Biography of Dr.B.C. Roy, History of the Bengali Speaking People, Strategic Management – Vision of the Future, etc.,

Names of other Indian Companies in which Dr. Nitish K Sen Gupta is a Director:

S. No.	Name of the Companies
1.	Credit Analysis & Research Ltd., Mumbai
2.	BNK Capital Market, Kolkata
3.	Inova Securities, New Delhi
4.	Hindustan Gum & Chemicals Ltd., Bhiwani
5.	Evolution Markets India Pvt. Ltd.,
6.	MCX Stock Exchange Ltd.,

2. Mr.Sukhendu Ray born and educated in Calcutta. Graduated in science with mathematics from Calcutta University. Later qualified as a Chartered Accountant from England in 1950. Is presently a Fellow Member of the Institute of Chartered Accountants of England & Wales. After a brief stint in early 1950's with Kettllwell Bullen & Co. Ltd., then a British Managing Agency House in Calcutta, joined Guest, Keen Williams Ltd. In 1954, which was an associate of a Multi National British Engineering Group, Guest, Keen and Nettlefolds Ltd. Was the Managing Director and Chief Executive of the Company for six years before retirement in 1983.

Post-retirement has been involved with the corporate world as a Member on the Boards of several companies, and Chairman of some. Presently, is a Director of six listed Companies. During his working period, had been a Member of the Committee of the Bengal Chamber of

Commerce and Industry, as well as a member of the Central Council of the Association of Indian Engineering Industries (now CII). Had served on the Governing Committees of the Indian Institute of Management, Calcutta, and also of the Indian Institute of Social Welfare and Business Management, an affiliate of Calcutta University.

Names of other Indian Companies in which Mr.Sukhendu Ray is a Director.

S.No.	Name of the Companies
1	Asiatic Oxygen Ltd
2	Henkel India Ltd
3	Stone India Ltd
4	Henkel Marketing India Limited
5	Unimers India Ltd
6	International Combustion (India) Ltd

3.Mr. D. Ranga Raju, aged about 77 years is a Graduate in Commerce and has served the Company as a Board Member since 30th April, 1993. He has over 40 years of work experience in Manufacturing and Marketing of Agricultural Chemicals. He initiated Nagarjuna's entry into the pesticide business and until his retirement in 1997, had full operational responsibilities for the entire business unit. His contributions and continued guidance have been invaluable in enabling the Company to meet its strategic goals. Names of other Indian Companies in which Mr. D. Ranga Raju is a Director.

S.No.	Name of the Companies
1.	Bhagiradha Chemicals and Industries Limited
2.	Vijayanagar Biotech Limited
3.	Vijayanagar Iron & Steel Products Pvt.Ltd.

4.Mr. K. Rahul Raju aged about 34 years is a young and dynamic professional. He is a Member on the Board of most Group Companies. He has been fast propelling Group

into several breakthrough areas, such as, Life Sciences and Biotechnology. He has been instrumental in setting up the state-of-the-art Research Centre for carrying out the R & D activities of these new initiatives with a view to strategically position the Group in the global arena. Names of other Indian Companies in which Mr. K. Rahul Raju is a Director.

S. No.	Name of Public Limited Companies
1.	Nagarjuna Fertilizers and Chemicals Limited
2.	Nagarjuna Oil Corporation Limited
3.	Nagarjuna Corporation Limited
4.	Ikisan Limited
5.	Jaiprakash Engineering & Steel Company Limited
6.	Biz Softcom Solutions Private Limited
7.	Bijam Private Limited
8.	Bijam Projects and Estates Private Limited
9.	Bijam Bio-sciences Private Limited
10.	KVK Raju International Leadership Academy
11.	Nagarjuna Agricultural Research and Development Institute
12.	Nagarjuna Foundation
13.	Nagarjuna Holdings Private Limited
14.	Nagarjuna Management Services Private Limited
15.	Agitive Bio Sciences Private Limited
16.	Ontray Internet Services Private Limited

N. Name and Designation of the Chief Compliance Officer

Mr. D.Suresh Babu, Vice President-Legal and Company Secretary

O. GENERAL SHAREHOLDERS INFORMATION

a. 23rd Annual General Meeting

Venue : KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and

Industry, Federation House,
11-6-841, Red Hills, Hyderabad-
500 004.

Time : 10.00 A.M

Date : Friday, 30th July, 2010

b. Listing of Stock Exchange and Stock Code

The Company's securities are listed on the following Stock Exchange.

S.No.	Names and Addresses of Stock Exchange	Stock Code
1.	Bombay Stock Exchange Limited, 1 st Floor, New Trading Ring, Routunda Building, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001	524709

c. **Date of Book Closure** : 23rd July, 2010 to 30th July, 2010 (both days inclusive)

d. Financial Calendar for the year 2010-2011.

Tentative Schedule

Accounting year	1 st April, 2010 to 31 st March, 2011
First Quarter Un-audited Results	July 2010
Second Quarter Half yearly Un-audited Results	October 2010
Third Quarter Un-audited Results	January 2011
Annual Results (Audited)	Within 3 months of the close of the financial year.
Annual General Meeting	In accordance with Section 166 of the Companies Act, 1956.

e. Dividend Patterns

The dividend pattern of the Company is as under

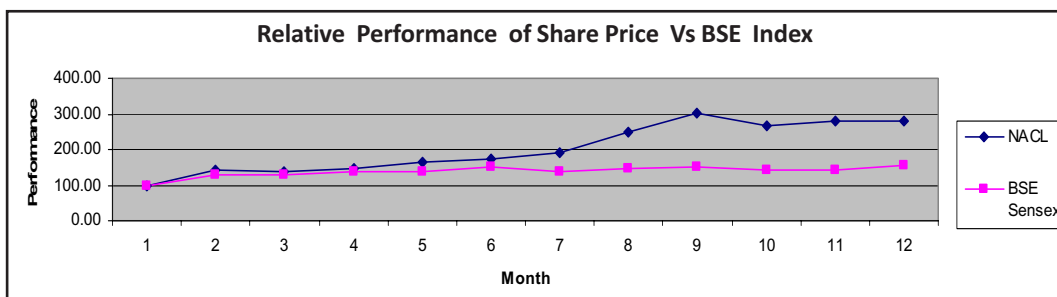
Year	Dividend (%)
2001-2002	8
2002-2003	10
2003-2004	12
2004-2005 - Interim	15
2004-2005 - Final	7
2005-2006	20
2006-2007 - Interim	20
2006-2007 - Final	20
2007-2008 - Interim - 1	10
2007-2008 - Interim - 2	10
2007-2008 - Interim - 3	10
2007-2008 - Final	15
2008-2009 - Interim - 1	10
2008-2009 - Interim - 2	10
2008-2009 - Final	30
2009-2010 - Interim - 1	20

f. Market Price Data – High-Low Quotations on The Stock Exchange, Mumbai during the year April, 1 2009 to March 31, 2010 is as follows:

Month	Bombay Stock Exchange (Rs.)	
	High	Low
April ' 2009	102.80	65.05
May ' 2009	149.50	87.55
June' 2009	172.00	120.30
July ' 2009	145.80	112.55
Aug ' 2009	155.00	120.05
Sep ' 2009	175.00	145.60
Oct ' 2009	183.30	151.50
Nov ' 2009	248.90	167.00
Dec ' 2009	294.00	226.05
Jan ' 2010	315.90	232.00
Feb ' 2010	282.00	241.15
Mar ' 2010	297.00	245.25

Performance in comparison to BSE Sensex

Month	NACL Close Price on BSC (in Rs.)	Close Price BSE Sensex (in Rs.)	Relative Index for Comparison Purpose	
			NACL (in Rs.)	BSE Sensex (in Rs.)
Apr - 09	93.45	11403.25	100.00	100.00
May - 09	132.50	14625.25	141.79	128.26
Jun - 09	128.80	14493.84	137.83	127.10
Jul - 09	138.20	15670.31	147.89	137.42
Aug - 09	152.60	15666.64	163.30	137.39
Sept - 09	162.90	17126.84	174.32	150.19
Oct - 09	178.95	15896.28	191.49	139.40
Nov - 09	230.55	16926.22	246.71	148.43
Dec - 09	280.75	17464.81	300.43	153.16
Jan - 10	248.85	16357.96	266.29	143.45
Feb - 10	259.60	16429.55	277.80	144.08
Mar - 10	259.80	17527.77	278.01	153.71



P. SHARE TRANSFER AGENT

The Company's Share Transfer Agents are Bigshare Services Private Limited, which is registered with SEBI and is located at G-10, Amrutha Ville, Opp. Yashoda Hospital, Somajiguda, Hyderabad – 500 082. Phone Nos. 040-23374967, Fax No. 040-23370295. Email ID : hyd2_bigshare@yahoo.com

Q. DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholding as on 31st March, 2010 was as follows:

Share Holding	Share Holders		Share Holding	
	Number	% to Total	Number	% to Total
0001 - 5000	8603	99.39	1602223	10.75
5001 - 10000	21	0.24	144007	0.97
10001 - 20000	10	0.12	114365	0.77
20001 - 30000	5	0.06	143000	0.96
30001 - 40000	1	0.01	36036	0.24
40001 - 50000	3	0.03	126238	0.85
50001 - 100000	7	0.08	504408	3.38
100001 - and above	6	0.07	12227880	82.08
Total	8656	100.00	14898157	100.00

R. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH,2010

	Category	No. of Shares Held	Percentage of shareholding
A	Promoter's holding	1,16,64,186	78.29
B	Non-Promoters Holding		
	I Institutional Investors		
	a. Mutual Funds and UTI	100	0.01
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-Govt. Institutions)	600	0.01
	II Others (Foreign Institutional Investors)	130,000	0.87
	a. Private Corporate Bodies	513233	3.44
	b. Indian Public	25,54,240	17.14
	c. NRIs	35798	0.24
	GRAND TOTAL	1,48,98,157	100.00

S. SHARES HELD BY NON EXECUTIVE DIRECTORS

The shares held by Non Executive Directors in the Company are

S.No.	Name of the Director	No. of Shares
1.	Mr. K. Rahul Raju	150800
2.	Mrs. K. Lakshmi Raju	151036

T. DEMATERIALISATION OF SHARES AND LIQUIDITY

Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI. Dematerialisation of shares are done through M/s. Big Share Services Private Limited, Hyderabad and on an average the dematerialization process is completed within a period of 21 days from receipt of a valid demat request along with all documents.

The break-up of physical and dematerialised shares as on 31st March, 2010.

Mode	No. of shares	Shareholding %
Demat	14175822	95.15
Physical	722335	4.85
Total	14898157	100%

The shares of the Company are fully covered under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The Company's ISIN No. for dematerialisation for both NSDL and CDSL is INE 295 D01012

U. CIN Number

The Corporate Identity Number ("CIN") of the Company, as allotted by Ministry of Company Affairs is **L24219AP1993PLC016607**.

V. Director and Chief Operating Officer (COO) / Chief Financial Officer (CFO) Certification

The Director and Chief Operating Officer (COO) as also the Chief Financial Officer of the Company, have certified to the Board, in the manner required under the Corporate Governance Code concerning the Annual Financial Statement.

W. The Company has not issued any GDRs / ADRs and there are no warrants or any convertible instruments.

X. Location of Plants

1. Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District – 532 403
2. Nandigaon Village, Kothur Mandal, Mahaboobnagar District.
3. Ravulapalem P.O, Ethakota, East Godavari District – 533 238

Y. Address for Correspondence

The Registered Office of the Company is located at Plot No. 61, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082.

Z. Telephone No. : 23358217 / 23350235

Fax No.: 23350234

Email id: suresh@nagarjunaagrichem.com

on behalf of the Board of Directors

K.S. Raju

Director

C.M. Ashok Muni

Director & Chief Operating Officer

Place: Hyderabad

Date : 26th April, 2010

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMEBRS
AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS**

The Board of Directors of the Company approved the Code of Conduct for the Directors and the Senior Management Personnel . All the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the Code for the financial year ended 31s March, 2010.

Place: Hyderabad
Date:26th April, 2010

C.M Ashok Muni
Director & Chief Operating Officer

**CERTIFICATION BY DIRECTOR AND CHIEF OPERATING OFFICER (COO) AND CHIEF FINANCIAL OFFICER (CFO)
OF THE COMPANY UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

We, C.M.Ashok Muni, Director & Chief Operating Officer and R.K.S.Prasad, Chief Financial Officer, of Nagarjuna Agrichem Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2010 and all its schedules and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
 - i) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent or illegal.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. (a) There have been no significant changes in the internal controls over financial reporting.
- (b) There was no fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems over financial reporting.
- (c) There were no changes in accounting policies during the year.

Place: Hyderabad
Date : 26th April, 2010

C.M.Ashok Muni
Director and Chief Operating Officer

R.K.S.Prasad
Chief Financial Officer

MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure and Developments

Your Company in Agrochemicals would strategically strive to build up capacities and enhance the market share both in domestic and global markets in Technicals and Formulations for the next few years before the Company embarks on diversification.

Your Company has embarked on a quantum leap in the retail segment through aggressive market penetration, with diversified portfolio and further spreading distribution network in untapped markets. As a state-of-art world class formulation plant development centre being built at Hyderabad augurs well with its vision to have its own innovative molecules being commercialized.

While your Company will predominantly and aggressively grow in Crop Protection Chemicals, it will parallelly pursue its interests in other life sciences & specialty chemicals.

Growth of your Company will be, in future, both through Organic & Inorganic growth, Mergers & Acquisitions, Joint Venture Partnerships and New Alliance Partnerships.

Financial Performance

During the year under review, overall sales has increased. The profit after tax was at Rs.59.76 Crores.

Opportunities & Threats

Your Company pioneered strongly in Agrochemicals and sustained to be a lead player in India with its strong brand equity both in its product portfolio and as a Group. Therefore, wish to continue to grow with its Core Competency to be amongst the top in India and in the World.

As India would be a potential contract manufacturer over the next decade, your Company has its advantage to be the front runner with its past several years of experience.

The Proposed New Green Field Project in SEZ near Vizag, with best technology and economy of scale & international manufacturing standards, will pave way for being a lead contract manufacturing and export promoting Company for Crop Protection Chemicals.

Threats

Economic buoyancy and global climate drift could be a potential threat for Agrochemicals business with a premonition of negative growth. This could also be compounded with the newly emerging competition threads in the global markets.

Outlook

Normal monsoon season forecast during the year 2010-11 indicating a better business prospect compared to the previous year.

With many new entrants in the domestic market with generics and newer molecules could make the domestic market intensely competitive. In view of generic competition intensity, your Company launched strategically seven new products which has given tremendous success. While these seven and already existing old molecules will continue to grow, there is a plan to launch 10 more new products.

Risks and Concerns

Since Indian agriculture is still heavily dependent on the weather, sudden changes in weather can lead to fluctuations in demand. Similarly export sales are also affected by the weather & economic conditions across the globe.

Internal Control Systems

The Company has proper and adequate systems of internal controls, which ensure that all the assets are safeguarded and that all transactions are authorized recorded and reported correctly. The Company maintains adequate and effective internal control systems and suitable monitoring procedures with regard to the purchase of raw materials, stores, plant & machinery, equipment and other assets as well as for sale of goods. The finance and commercial functions have been structured to provide adequate support and controls for the business of the Company.

Industrial Relations and Human Resource Development:

The number of employees in the Company as on March 31st, 2010 was 1117. The Company enjoys cordial and harmonious industrial relations.

Opportunities for individual growth, creativity and dedicated participation in organizational development are a priority in management objective.

Cautionary Statement

The statements in the Report of the Board of Directors and the Management's Discussion & Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

On behalf of the Board of Directors

K.S. Raju

Director

C.M. Ashok Muni

Director & Chief Operating Officer

Place: Hyderabad

Date : 26th April, 2010

AUDITOR'S CERTIFICATE

To

The Members of

Nagarjuna Agrichem Limited

We have examined the compliance of conditions of Corporate Governance by NAGARJUNA AGRICHEM LIMITED for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management that there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the company at large.

The Share Transfer Agent of the company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and that there are no complaints pending as at the year end as stated under serial No. E-1 of the company's report on Corporate Governance.

We certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **M.BHASKARA RAO & CO.,**
Chartered Accountants

Place: Hyderabad
Date: 26th April, 2010

(Anilkumar Mehta)
Partner
Membership No.14284

AUDITOR'S REPORT

The Members of

NAGARJUNA AGRICHEM LIMITED

1. We have audited the attached balance sheet of NAGARJUNA AGRICHEM LIMITED as at 31st March, 2010, the profit and loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, (Amendment) 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2010 and, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with “Significant Accounting Policies” and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2010;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **M.BHASKARA RAO & CO.,**
CHARTERED ACCOUNTANTS
(FIRM REGISTRATION NO. : 00459 S)

Place: Hyderabad
Date : 26th April, 2010

(ANILKUMAR MEHTA)
PARTNER
MEMBERSHIP NO.14284

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date.

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) Fixed assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on physical verification.
 - c) According to the information and explanations given to us, the company has not disposed off substantial part of fixed assets and hence, reporting on the going concern status in this regard does not arise.
- ii) a) Physical verification of inventories has been conducted during the year by the management. In our opinion, the frequency of the verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion, the company is maintaining proper records of inventories and based on the information and explanations given to us, discrepancies noticed on physical verification were not material in relation to the operations of the company and the same have been properly dealt with in the books of account.
- iii) a) According to the information and explanations given to us, the company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (b), (c) and (d) of clause (iii) of this Order are not applicable.
 - e) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (f) and (g) of clause (iii) of this Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- v) a) In our opinion and according to the information and explanations given to us, and based on the representations made by the management, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, sub clause (b) of clause (v) of this Order is not applicable to the Company for the current year.

- vi) The company has not accepted any deposits from public.
- vii) During the year under report, the internal audit of the company has been conducted by Firms of Chartered Accountants. In our opinion the scope and coverage of internal audit is commensurate with the size of the company and nature of its business.
- viii) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, have been maintained. However, we are not required to and, have not carried out any detailed examination of such accounts and records.
- ix) a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues as at 31st March, 2010 which are outstanding for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess which have not been deposited on account of any dispute except as stated below:

STATUTE	DISPUTE	AMOUNT INVOLVED (Rs. LAKHS)	FORUM WHERE DISPUTE IS PENDING
Income Tax	Disputed tax on disallowance of R&D expenditure & product development expenditure in AY 2005-06	32.21	Commissioner of Income Tax(Appeals), Hyderabad
	Disputed tax on disallowance of R&D expenditure & Business development expenditure in AY 2006-07	31.35	Commissioner of Income Tax(Appeals), Hyderabad
	Disputed tax on disallowance of R&D and certain other expenditure in AY 2004-05	57.23	Commissioner of Income Tax(Appeals), Hyderabad

STATUTE	DISPUTE	AMOUNT INVOLVED (Rs. LAKHS)	FORUM WHERE DISPUTE IS PENDING
Excise Duty	Interest on differential duty paid on supplementary invoices after finalization of cost data of the goods cleared to the sister concern – Apl 04 to Mar 05 & Apl 05 to Oct 05)	8.14	CESTAT, Bangalore
	Irregular availment of Cenvat credit of 4% SAD against DEPB and Target plus schemes – July 06 to March 07	12.14	Additional Commissioner (Appeals), Visakhapatnam
	Interest on differential duty paid on supplementary invoices after finalization of cost data of the goods cleared to the sister concern – Apl 05 to Feb 06	4.15	Additional Commissioner, Visakhapatnam
	Irregular availment of Cenvat credit on inputs(welding electrodes) for the period from Jan 07 to Nov 07	0.41	Asst. Commissioner of Central Excise, Vijayanagaram
Service Tax	Irregular availment of abatement of 75% on value of taxable services – Apl 05 to Feb 06	25.88	Commissioner Appeals, Visakhapatnam
	Interest and Penalty on Service Tax paid on Goods Transport Agencies payment for the period from Oct 05 to Feb 06	3.39	CESTAT, Bangalore

- x) The company has no accumulated losses as at 31st March, 2010. The company has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.
- xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, banks.
- xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- xiii) The company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of clause 4(xiii) of this Order are not applicable.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of this Order are not applicable.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantee for finances taken by others in the course of business are not prejudicial to the interests of the company.
- xvi) Term loans were applied for the purpose for which the loans were obtained.
- xvii) On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long term investment.
- xviii) During the year under report the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures.
- xx) The company has not raised any money by public issue during the year.
- xxi) In accordance with the information and explanations given to us and, on our examination of books and records, no fraud on or by the company has been noticed or reported during the year.

For **M.BHASKARA RAO & CO.,**
CHARTERED ACCOUNTANTS
(FIRM REGISTRATION NO. : 00459 S)

Place: Hyderabad
Date : 26th April, 2010

(ANILKUMAR MEHTA)
PARTNER
MEMBERSHIP NO.14284

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-03-2010		As at 31-03-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	148,981,570		148,981,570	
Reserves & Surplus	B	1,872,903,435	2,021,885,005	1,362,488,634	1,511,470,204
Loan Funds					
Secured Loans	C	1,790,497,291		724,710,628	
Unsecured Loans	D	63,286,131	1,853,783,422	88,796,849	813,507,477
Deferred Tax Liability (Net)			226,373,585		227,112,243
TOTAL			4,102,042,012		2,552,089,924
APPLICATION OF FUNDS					
Fixed Assets	E				
Gross Block		2,487,448,372		2,323,575,626	
Less: Depreciation		935,741,428		736,775,561	
Amortisation of Intangibles		11,762,673		8,874,899	
Net Block		1,539,944,271		1,577,925,166	
Capital Work In Progress		300,453,804	1,840,398,075	38,425,322	1,616,350,488
Investments	F		500,000		-
Current Assets, Loans and Advances	G				
Inventories		1,594,451,981		950,379,580	
Sundry Debtors		1,630,515,580		851,260,538	
Cash & Bank Balances		224,947,077		185,780,931	
Other Current Assets		1,319,893		829,350	
Loans and Advances		257,066,562		262,175,329	
		3,708,301,093		2,250,425,728	
Less Current Liabilities and Provisions					
Current Liabilities	H	1,372,923,563		1,032,967,335	
Provisions	I	74,233,593		281,718,957	
		1,447,157,156		1,314,686,292	
Net Current Assets			2,261,143,937		935,739,436
Accounting Policies & Notes to Accounts	P				
TOTAL			4,102,042,012		2,552,089,924

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

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

For and on behalf of the Board

Anilkumar Mehta
Partner

K.S.Raju
Director

C.M.Ashok Muni
Director & Chief Operating Officer

Place: Hyderabad
Date : 26th April, 2010

R.K.S.Prasad
Chief Financial Officer

D.Suresh Babu
VP-Legal & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	31-03-2010	31-03-2009
		Rs.	Rs.
INCOME			
Sales (Net of Excise Duty, Rebates&Discounts)	J	6,503,139,661	6,053,577,993
Other income	K	86,657,145	16,607,491
Total		6,589,796,806	6,070,185,484
EXPENDITURE			
Manufacturing and Other Costs	L	4,546,893,757	4,191,068,388
Administrative, Selling/Distribution and Other Expenses	M	699,558,266	701,458,547
Duties and Taxes	N	54,804,792	232,181
Interest	O	170,879,072	191,082,678
Depreciation	E	204,984,429	182,338,864
Total		5,677,120,316	5,266,180,658
Profit Before Tax		912,676,490	804,004,826
Provision for			
- Current Tax		305,257,465	288,639,125
- Deferred Tax		(738,658)	19,194,892
- Wealth Tax		174,615	140,151
- Fringe Benefit Tax		-	3,384,496
- Prior Years' Tax		10,417,773	-
Net Profit after Tax		597,565,295	492,646,162
Balance Brought Forward from the Previous Year		985,610,718	630,115,049
Amount available for Appropriation		1,583,176,013	1,122,761,211
Appropriations			
General Reserve		60,000,000	50,000,000
Interim Dividend		29,796,314	29,796,314
Final Dividend		44,694,471	44,694,471
Corporate Dividend Tax on Interim Dividend		5,063,884	5,063,884
Corporate Dividend Tax on Final Dividend		7,595,825	7,595,824
Balance Carried to Balance Sheet		1,436,025,519	985,610,718
		1,583,176,013	1,122,761,211
Basic and Diluted Earning per Share (Rs.)		40.11	33.07
Face value Rs.10 per share			
(Refer Note B (13) of Schedule P)			
Accounting Policies & Notes to Accounts	P		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss account.

As per our report attached
to the Balance Sheet.
For **M.BHASKARA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

Anilkumar Mehta
Partner

K.S.Raju
Director

C.M.Ashok Muni
Director & Chief Operating Officer

Place: Hyderabad
Date : 26th April, 2010

R.K.S.Prasad
Chief Financial Officer

D.Suresh Babu
VP-Legal & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxation and Extraordinary items		912,676,490		804,004,826
Adjustments for:				
Add:				
Depreciation	204,984,429		182,338,864	
Foreign Exchange Fluctuations				
-Unrealised Loss	23,750,007		42,920,729	
Loss on Sale of Fixed Assets	8,634		960,931	
Discarded Assets	15,744		109,624	
Interest	170,879,072	399,637,886	191,082,678	417,412,826
Less:				
Foreign Exchange Fluctuations				
-Unrealised Gain	16,719,629		11,727,888	
Profit on sale of Assets	309,464		108,105	
		17,029,093		11,835,993
Operating profit before working capital changes		1,295,285,283		1,209,581,659
Adjustments for:				
Less:Increases in Trade and other Receivables				
- Debtors	803,005,049		194,486,382	
- Inventories	644,072,402		182,511,697	
- Other Current Assets	490,542		-	
- Loans and advances	-	1,447,567,993	106,686,598	483,684,677
		(152,282,710)		725,896,982
Add:				
Decrease in Loans & Advances	10,314,507		-	
Decrease in Other Current Assets	-		355,449	
Increase in Trade Payables	337,223,789	347,538,296	233,772,945	234,128,394
Cash generated from operations		195,255,586		960,025,376
Less:				
Taxes paid	515,387,994	515,387,994	136,238,731	136,238,731
Cash flow before extraordinary items		(320,132,408)		823,786,645
Prior year Taxes (Net)		10,417,773		-
NET CASH FROM OPERATING ACTIVITIES		(330,550,181)		823,786,645

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
B. CASH FLOW FROM INVESTING ACTIVITIES				
Inflow				
- Sale/ Retirement of Fixed Assets	643,250	643,250	1,247,322	1,247,322
Outflow				
- Investments	500,000		-	
- Purchase of Fixed Assets	161,658,214		375,704,242	
- Capital work in progress	256,713,729		(135,562,565)	
- Decrease in Creditors (Projects)	(1,962,565)	416,909,378	27,754,479	267,896,156
NET CASH USED IN INVESTING ACTIVITIES		(416,266,128)		(266,648,834)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings				
Inflow				
- Term loans	655,461,369		-	
- Corporate Loan	200,000,000		-	
- Working Capital Loans	415,371,114		-	
- Inter Corporate Deposits	-	1,270,832,483	20,000,000	20,000,000
Outflow				
- Term Loans	193,454,290		76,996,610	
- Inter Corporate Deposits	20,000,000		-	
- Working Capital Loans	-		44,105,124	
- Short Loans & Advances	-		100,000,000	
- Interest Paid	178,734,526		191,008,696	
- Sales Tax Deferral	5,510,718		233,460	
- Corporate Dividend Tax	12,659,709		8,861,797	
- Equity Dividend	74,490,785	484,850,028	52,143,550	473,349,237
NET CASH USED IN FINANCING ACTIVITIES		785,982,455		(453,349,237)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		39,166,146		103,788,574
Cash and Cash equivalents at the beginning of year		185,780,931		81,992,357
Cash and Cash equivalents at the end of year *		224,947,077		185,780,931

* includes Unclaimed Dividends of Rs.8989567/-

- Previous year's figures have been regrouped/reclassified, rearranged to conform with Current year's figures.

As per our report attached to the Balance Sheet.

For and on behalf of the Board

For **M.BHASKARA RAO & CO.,**
Chartered Accountants

Anilkumar Mehta
Partner

K.S.Raju
Director

C.M.Ashok Muni
Director & Chief Operating Officer

Place: Hyderabad
Date : 26th April, 2010

R.K.S.Prasad
Chief Financial Officer

D.Suresh Babu
VP-Legal & Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - A				
SHARE CAPITAL				
AUTHORISED				
2,00,00,000 Equity Shares of Rs.10/- each		200,000,000		200,000,000
ISSUED & SUBSCRIBED				
1,48,98,157 Equity Shares of Rs10/- each fully paid		148,981,570		148,981,570
Of the above shares 21,03,157 shares are allotted as fully paid on preferential basis				
Of the above shares 1,13,62,350 shares are held by KLR Products Limited (Formerly GSR Products Limited), holding company				
TOTAL		148,981,570		148,981,570
SCHEDULE -B				
RESERVES AND SURPLUS				
Capital Reserve		2,093,500		2,093,500
Securities Premium		24,784,416		24,784,416
General Reserve	350,000,000		300,000,000	
Transfer from Profit and Loss Account	60,000,000		50,000,000	
		410,000,000		350,000,000
Balance in Profit and Loss Account		1,436,025,519		985,610,718
TOTAL		1,872,903,435		1,362,488,634
SCHEDULE- C				
SECURED LOANS				
From Banks :				
Term Loans	946,065,326		296,028,623	
Vehilcle Loans	920,101		541,254	
		946,985,427		296,569,877
Working Capital :				
-Demand Loan/Cash Credits	843,511,864		428,140,751	
		843,511,864		428,140,751
TOTAL		1,790,497,291		724,710,628
SCHEDULE - D				
Unsecured Loans				
Sales Tax Deferral		63,286,131		68,796,849
Inter Corporate Deposits		-		20,000,000
TOTAL		63,286,131		88,796,849

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 SCHEDULE - E FIXED ASSETS										
Description	Gross Block at Cost				Depreciation/ Amortisation				Net Block	
	As at 31.03.2009 Rs.	Additions for the year Rs.	Deductions for the year Rs.	As at 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the year Rs.	Adjustments Rs.	Upto 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Land	43,602,748	-	-	43,602,748	-	-	-	-	43,602,748	43,602,748
Buildings	317,198,753	1,863,841	-	319,062,594	53,043,189	10,383,257	-	63,426,446	255,636,148	264,155,564
Plant & Machinery	1,765,721,620	127,131,667	-	1,892,853,287	606,909,575	175,519,809	-	782,429,384	1,110,423,903	1,158,812,045
Electrical Installations	111,933,514	13,919,473	-	125,852,987	47,920,642	8,348,584	-	56,269,226	69,583,761	64,012,872
Furniture & Fixtures	10,813,438	718,612	-	11,532,050	3,960,688	627,097	-	4,587,785	6,944,265	6,852,750
Office Equipments	7,508,514	1,662,813	4,640	9,166,687	1,575,818	426,207	187	2,001,838	7,164,849	5,932,696
Vehicles	23,707,422	6,888,302	995,924	29,599,800	5,392,293	2,631,919	699,644	7,324,568	22,275,232	18,315,129
Computers & Peripherals	27,933,761	13,176,990	2,488,388	38,622,363	17,973,356	4,159,782	2,430,957	19,702,181	18,920,182	9,960,405
INTANGIBLES										
Goodwill	12,139,856	-	-	12,139,856	8,497,899	1,213,986	-	9,711,885	2,427,971	3,641,957
SAP Upgrade License/ Implementation fees	3,016,000	2,000,000	-	5,016,000	377,000	1,673,788	-	2,050,788	2,965,212	2,639,000
Total	2,323,575,626	167,361,698	3,488,952	2,487,448,372	745,650,460	204,984,429	3,130,788	947,504,101	1,539,944,271	1,577,925,166
Previous Year	1,952,197,149	375,704,242	4,325,765	2,323,575,626	565,427,593	182,338,864	2,115,997	745,650,460	1,577,925,166	1,386,769,556
Capital Work-in Progress										
- Plant & Machinery under Erection									82,025,121	15,781,037
- Civil Works									3,138,108	-
- Expenditure pending Allocation (as per Annexure)									22,856,664	-
- WIP Others									17,592,000	-
- Advances on Capital Account (Considered good)									174,841,911	22,644,285
Total									300,453,804	38,425,322
Previous Year									38,425,322	173,987,887

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

ANNEXURE TO SCHEDULE - E - EXPENDITURE PENDING ALLOCATION

	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
<u>SEZ PROJECT</u>				
Advertisement	500,000		-	
Communication Expenses	67,283		-	
Salaries & Wages	10,594,176		-	
Contributions to Provident Fund & Other Funds	609,963		-	
Staff Welfare	11,767		-	
Directors Travel	13,884		-	
Fixed Assets	174,981		-	
Miscellaneous Expenses	183,477		-	
Rents	87,500		-	
Technical Consultancy	2,077,268		-	
Travel & Conveyance	1,521,612		-	
		15,841,911		-
<u>WIND POWER PROJECT</u>				
Consultancy	1,700,000		-	
		1,700,000		-
<u>EXPANSION/ DE-BOTTLENECKING WORKS</u>				
Financial Charges	2,396,764		-	
Interest	2,917,989		-	
		5,314,753		-
TOTAL		22,856,664		-

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	Nos.	Nominal Value Rs.	As at 31-03-2010		As at 31-03-2009	
			Rs.	Rs.	Rs.	Rs.
SCHEDULE - F						
INVESTMENTS - Unquoted						
Non-Trade - at cost						
Equity shares of New						
India Co-op Bank Ltd.	50000	10/-		500,000		-
(Scheduled Bank)						
TOTAL				500,000		-
SCHEDULE - G						
CURRENT ASSETS						
I. INVENTORIES						
Raw Materials			597,326,209		448,291,861	
Work-in-Process			113,940,208		147,744,535	
Finished Goods			813,147,401		327,938,174	
Traded Products			37,174,208		8,310,399	
Stores and Spares			32,863,955		18,094,611	
				1,594,451,981		950,379,580
II SUNDRY DEBTORS (Unsecured)						
- Debts Outstanding for a period exceeding Six Months						
- Considered Good			43,395,855		3,583,514	
- Other Debts						
- Considered Good			1,587,119,725		847,677,024	
				1,630,515,580		851,260,538
III CASH AND BANK BALANCES						
Cash on Hand			605,567		436,607	
Balances with Scheduled Banks						
i) Current Accounts			191,944,108		147,078,539	
ii)Deposits / Margin Money Accounts			32,397,402		38,265,785	
				224,947,077		185,780,931
IV OTHER CURRENT ASSETS						
Interest accrued on Deposits				1,319,893		829,350
V. LOANS AND ADVANCES (UNSECURED)						
- Considered Good						
Advance for Share Application Money			-		111,500,000	
Advances recoverable in cash						
or in kind for value to be received			160,553,360		72,015,430	
Claims recoverable			33,880,621		2,312,398	
TDS			5,205,741		2,637,979	
Deposits with						
- Government Departments			57,373,290		73,657,972	
- Others			53,550		51,550	
				257,066,562		262,175,329
TOTAL				3,708,301,093		2,250,425,728

* Amount due from Officers of the Company - Nil (Previous Year Rs.2.63 Lakhs)

Maximum amount due from Officers at any time during the year Rs.2.63 Lakhs (Previous Year Rs.6.14 Lakhs)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE- H</u>				
CURRENT LIABILITIES :				
Sundry Creditors				
i) Micro & Small Enterprises	26,038,875		32,191,645	
(Refer Note B (5) of Schedule P)				
ii) Other Creditors-Suppliers/Services	1,143,072,374		757,651,842	
Unclaimed Dividends		1,169,111,249		789,843,487
Advances/Deposits received from customers		8,989,567		7,194,914
Other Liabilities		152,654,425		218,898,048
Interest accrued but not due		38,931,555		16,956,902
		3,236,767		73,984
TOTAL		1,372,923,563		1,032,967,335
<u>SCHEDULE- I</u>				
PROVISIONS :				
Taxation - (Net of Advance Tax)				
- Income Tax		12,557,465		217,406,370
- Wealth Tax		174,615		140,151
- Fringe Benefit Tax		-		(64,268)
Corporate Dividend Tax		7,595,825		7,595,825
Proposed Equity Dividend		44,694,471		44,694,471
Provident Fund		2,749,230		2,113,530
Gratuity		2,800,519		8,609,160
Leave Encashment		3,661,468		1,223,718
TOTAL		74,233,593		281,718,957

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE- J				
SALES (Net of Rebates/Discounts)				
- Domestic	4,567,174,397		3,629,981,305	
- Exports	2,334,361,173		2,932,105,304	
	6,901,535,570		6,562,086,609	
Less Excise Duty/Sales Tax & VAT	557,120,744		554,928,368	
SALES (Net of Excise Duty, Rebates/Discounts)		6,344,414,826		6,007,158,241
Conversion charges		75,082,206		5,337,385
Income from Operations		83,642,629		41,082,367
TOTAL		6,503,139,661		6,053,577,993
SCHEDULE - K				
OTHER INCOME				
Interest (TDS Rs.2437463/- <i>Previous year Rs.490310/-</i>) (includes Rs.21927491/- on advances <i>Previous year Rs.Nil</i>)		25,211,745		1,923,849
Excess Provisions Written Back		27,892,404		5,130,582
Profit on sale of Fixed Assets		309,464		108,105
Bad Debts written off recovered		2,551,465		6,047,106
Others		30,692,067		3,397,849
TOTAL		86,657,145		16,607,491
SCHEDULE - L				
MANUFACTURING AND OTHER COSTS				
- Consumption of Raw Materials		4,067,251,818		3,511,184,928
- Cost of Traded Goods sold		252,206,673		269,470,604
- Consumption of Packing Material		291,676,750		234,767,929
- Power & Fuel		214,633,434		227,665,751
- Consumption of Stores and Spares		45,752,904		38,456,747
- Repairs to				
Plant and Machinery	971,923		2,919,206	
Buildings	2,727,531		2,384,048	
Others	1,484,770		789,131	
		5,184,224		6,092,385
- Other Manufacturing Costs		124,592,855		48,042,784
		5,001,298,658		4,335,681,128
-(Increase)/Decrease in Stocks - Annexure		(454,404,901)		(144,612,740)
TOTAL		4,546,893,757		4,191,068,388
(INCREASE)/DECREASE IN STOCKS-Annexure				
Opening Stock of :				
Finished Goods	327,938,174		224,562,889	
Work-in-Process	144,744,535		103,507,080	
		472,682,709		328,069,969
Closing Stock of :				
Finished Goods	813,147,401		327,938,174	
Work in Process	113,940,209		144,744,535	
		927,087,610		472,682,709
(Increase)/Decrease in Stocks		(454,404,901)		(144,612,740)

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - M				
ADMINISTRATIVE, SELLING/DISTRIBUTION AND OTHER EXPENSES				
Salaries, Wages and Allowances		319,383,198		261,239,650
Contribution to Provident Fund and other Funds		15,895,004		13,636,577
Staff Welfare Expenses		13,384,166		12,077,490
Rent -Premises		9,528,816		7,793,564
Rates and Taxes		9,401,467		7,806,542
Communication Expenses		10,136,054		10,280,964
Travelling and Conveyance		62,953,194		49,426,053
Technical Consultancy		5,694,218		1,877,468
Legal and Professional Charges		16,039,087		12,039,521
Insurance		8,331,880		6,984,240
Directors' Sitting Fees		284,000		280,000
Directors' Travelling and Other Expenses		1,821,075		1,606,243
Payments to Auditors		1,777,500		1,254,520
Software Expenses		1,611,500		1,188,012
R & D Expenditure		1,896,212		4,596,143
Exchange Fluctuation on Foreign Currency		-		74,083,522
Miscellaneous Expenses		27,084,653		22,162,359
CWIP Written off		-		4,215,160
Loss on Discarded Assets		15,744		109,624
Loss on Sale of Assets		8,634		960,931
Bad Debts Written Off		7,244,720		5,162,959
Selling and Distribution Expenses		187,067,144		202,677,005
TOTAL		699,558,266		701,458,547
SCHEDULE - N				
DUTIES AND TAXES				
Excise Duty	454,803,302		434,421,946	
Less : Adjusted to Turnover	399,998,510		434,189,765	
		54,804,792		232,181
Sales Tax & VAT	157,122,234		120,738,603	
Less : Adjusted to Turnover	157,122,234	-	120,738,603	-
TOTAL		54,804,792		232,181
SCHEDULE - O				
INTEREST				
Interest on				
- Term Loans		22,775,751		28,568,506
- Working Capital Loans		66,088,917		65,646,832
- Others		46,518,795		58,051,375
Bank charges		17,838,174		19,796,534
Financial Charges		17,657,435		19,019,431
TOTAL		170,879,072		191,082,678

SCHEDULE 'P'

A. Significant Accounting Policies

1. Accounting Convention

The financial statements are prepared on the basis of going concern, under the historical cost convention, in accordance with the generally accepted principles and provisions of the Companies Act, 1956, with revenues recognised and expenses accounted on accrual basis unless otherwise stated.

2. Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements, the amounts of revenue and expenses during the reported period. Actual results could differ from those of estimates. Any revision to such estimates is recognized in the period the same is determined.

3. Fixed Assets

- a) Fixed assets are stated at historical cost. (Net of Modvat / Cenvat Credit availed), less accumulated depreciation and impairment loss if any.
- b) Capital Work-in-progress is stated at amount expended (including advances) upto the date of the Balance Sheet.
- c) Expenditure during construction period other than those directly related to an asset is included under "Expenditure pending allocation" to be allocated to various fixed assets at the time of commencement of commercial production, as determined in accordance with the generally accepted accounting policies.

4. Depreciation

Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 (as amended from time to time). Depreciation on impaired assets is provided by a systematic allocation of the depreciable amount over the remaining useful life of such assets.

5. Intangibles

- a) Goodwill is amortised over a period of Ten years.
- b) SAP Upgrade License/ Implementation fees is amortised over a period of Twenty four months.

6. Investments

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

7. Inventory

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

- a) Raw materials - at lower of cost and net realizable value.
- b) Work-in-process - at cost.
- c) Finished goods - at lower of cost and net realisable value. Cost includes cost of direct material, labour, factory overheads inclusive of excise duty.
- d) Stores & Spares, Packing material - at lower of cost and net realizable value.
- e) Traded goods - at lower of cost and net realizable value.

Cost is ascertained on the "Weighted Average" basis.

8. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the dates of the transaction. Monetary items are translated at the year end foreign exchange rates. Resultant

exchange differences arising on payment or conversion of liabilities/ assets are recognised as income or expense in the year in which they arise.

9. Capital Subsidy

Capital investment subsidy not specifically related to any fixed asset is credited to a specific reserve upon receipt and retained till the requisite conditions are fulfilled. On fulfillment of such conditions, the subsidy is transferred to Capital Reserve.

10. Revenue

- a) Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- b) Sales are recognised at the point of despatch of materials to customers from plant and/or stocking points.
- c) Revenue from processing/ conversion services is recognized when the underlying goods are manufactured and ready for delivery i.e., on completion of service.

11. Employee benefits

- a) Provident Fund is administered through Regional Provident Fund Commissioner. Contributions to the above fund are charged to the Profit & Loss Account.
- b) The Gratuity Fund is administered through a scheme of Life Insurance Corporation of India / ING Vysya Life Insurance Company Private Limited. The contribution to the said fund is charged to the Profit & Loss Account.
- c) Provision for Leave encashment cost is made on the basis of an actuarial valuation at the Balance Sheet date carried out by an independent actuary.

12. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. Interest on Bank Borrowings and other short term and long term borrowings is recognised as an expense in the year in which they are incurred.

13. Deferred Tax

Deferred Tax is recognized on the timing differences and accounted at the current rate of tax. Deferred Tax Asset is recognized only if there is virtual certainty of its realization.

14. Impairment of Assets

Impairment of an asset is reviewed and recognized in the events of changes and circumstances indicate that the carrying amount of an asset is not recoverable. Difference between the carrying amount of an asset and the recoverable value is recognized as impairment loss in the statement of profit and loss in the year of impairment.

15. Contingencies

The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure for Contingent Liabilities is made in the notes to accounts when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

16. Earnings per Share

Earnings per Share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

17. Segment Reporting

Segments are identified in line with AS 17 "Segment Reporting" and taking into consideration that difference in risk and returns of the segment.

18. Research and Development

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of fixed assets.

B. NOTES FORMING PART OF THE ACCOUNTS

1. a. Estimated amount of contracts, remaining to be executed on Capital account and not provided for (net of advances) **Rs. 2183.23 Lacs** (Previous year Rs. 607.98 Lacs).

b. Contingent Liabilities**Rs. in Lakhs**

Particulars	As at 31.03.2010	As at 31.03.2009
Letters of Credit	2378.39	2880.70
Counter Guarantees *	631.35	190.78
Excise Duty, Service Tax Demands – Company has appealed against orders raised the demands	54.11	51.48
Sales Tax Demands – Company has appealed against orders raised the demands	—	176.17
Income Tax Demands – Company has appealed against orders raised the demands	120.79	81.82

* Includes guarantee provided on behalf of Nagarjuna Hydro Energy Pvt Ltd for an amount of Rs. 463.88 Lacs (Previous year Rs.Nil).

2. Secured Loans:

The term loans availed from State Bank of India, IDBI Bank Ltd & HDFC Bank Ltd and the External Commercial Borrowing (ECB) from ICICI Bank Limited are secured by way of equitable mortgage by deposit of title deeds of the Company's immovable properties both present and future and by way of first charge of all fixed assets of the Company as a primary security and hypothecation of movable properties of the company ranking pari passu and borrowings from State Bank of India, IDBI Bank Ltd and ICICI Bank Ltd are further secured by a second charge on the current assets of the company consisting of stock in trade, book debts and stores and spares.

Working Capital Term Loan availed from New India Co-operative Bank Ltd is to be secured by way of first charge, ranking pari passu, of all movable fixed assets of the company as a primary security.

Cash Credits, Working Capital Demand Loan including Non Fund Based Limits of Letters of Credit and Bank Guarantees from State Bank of India, IDBI Bank Ltd & HDFC Bank Ltd and Corporate Loan availed from State Bank of India are secured by way of hypothecation of current assets comprising of stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge of the company's immovable and hypothecation of movable properties, both present and future, ranking pari passu with the term loan lenders.

Term loans from banks (except Term Loan from HDFC Bank Ltd & Corporate Loan from State Bank of India and Working Capital Term Loan from New India Co-operative Bank Ltd availed during the year) and working capital loans from banks are personally guaranteed by Sri K.S. Raju, a Director of the company. Term Loan of State Bank of India is also personally guaranteed by Sri G.S.Raju, former Managing Director of the company.

3. Unsecured Loans

Sales Tax Deferral

Sales Tax Deferment: Vide order No.10/1/5/0564/0696 dated 26th April, 1995 the Government of Andhra Pradesh had sanctioned Sales Tax Deferment to the Company in respect of Monocrotophos for a period of ten years commencing from 1.7.1994; subject to a maximum of Rs.13,30,26,830/-. Based on the Sales Tax Returns, the sales tax so deferred aggregates net of repayments to **Rs.331.24 Lacs.** (Previous Year Rs.386.34 Lacs). The repayment of deferred Sales Tax has commenced from July, 2004 as prescribed in the said order.

Further vide Revised order No.10/1/9/0023/0387/ID, dated 31.01.2001, the Government of Andhra Pradesh had sanctioned Sales Tax Deferment to the Company in respect of Acephate and Profenofos for a period of fourteen years commencing from 28.09.1997 for Acephate and from 23.02.2000 for Profenofos, subject to a maximum of Rs.10,28,55,150/-. The deferred Sales Tax is payable commencing from 27.09.2011 as prescribed in the said order. Based on the Sales Tax Returns upto the assessment year 2005-06, the sales tax so deferred aggregates to **Rs. 301.62 Lacs.** (Previous Year Rs. 301.62 Lacs). Since financial year 2006-07, the company has decided not to avail the Sales Tax deferment and opted to pay the sales tax henceforth.

4. Borrowing cost incurred for acquisition of assets aggregated to Rs.110.18 Lacs (Previous year Rs.Nil) against which an amount Rs.57.03 Lacs (Previous year Rs.Nil) has been capitalized against qualifying assets and the balance Rs.53.15 Lacs (Previous year Rs.Nil) is included under Expenditure pending allocation.
5. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company and the required disclosures are given below:

Rs. in Lakhs

Particulars	As at 31.03.2010	As at 31.03.2009
a. Principal amount remaining unpaid	260.39	321.92
b. Interest due there on remaining unpaid	Nil	Nil
c. Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
d. Interest due and payable for the period of delay in making payment (which have been paid put beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
e. Interest accrued and remaining unpaid	Nil	Nil
f. Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

Note: Dues to Micro and Small industrial undertakings, exceeding 45 days – Rs.57.11 Lacs (Previous year – Rs.157.24 Lacs)

6. A. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

Rs. in Lakhs

Particulars	@ 2009-10	2008-09
Profit before taxation as per Profit Loss Account	—	8040.05
Add : 1) Depreciation/Amortisation as per accounts	—	1823.39
2) Managerial Remuneration	—	82.36
3) Loss on sale/ retirement of assets	—	10.71
Sub – Total	—	9956.51
Less : 1) Depreciation under Section 350 of the Companies Act, 1956	—	1807.48
2) Amortisation of Goodwill	—	15.91
3) Profit on Sale of Assets	—	1.08
Net Profit under Section 349 of the Companies Act, 1956	—	8132.04
Commission as per Sec 349 @ 0.50% of the net profit as per Companies Act.	—	40.46
Actual Commission payable to the MD @ 0.50% of the Net profit (From 01.04.2008 to 16.09.2008)	—	18.73

@ Computation for the current year has not been worked out since there are no directors/ managers entitled for commission.

B. Remuneration to Managing Director and Whole Time Directors

Rs. in Lakhs

Particulars	Managing Director		Whole Time Directors	
	2009-10	*2008-09	2009-10	2008-09
Salary	—	22.27	72.46	25.15
Perquisites and other Benefits	—	5.44	3.34	3.67
Provident Fund & Other Funds	—	5.36	4.18	1.75
Commission	—	18.73	—	—
Performance Linked Incentive	—	—	14.00	—
TOTAL	—	51.80	93.98	30.57

* from 01.04.2008 to 16.09.2008

7. Payments to Auditors:

Rs. in Lakhs

S.No.	Particulars	2009-10	2008-09
1	Statutory Audit *	10.00	6.00
2	Tax Audit *	1.50	1.50
3	Certification *	4.53	3.90
4	Out of Pocket Expenses	1.75	1.15
	TOTAL	17.78	12.55

* excludes service tax

8. Expenditure on Research & Development.**Rs. in Lakhs**

Particulars	2009-10	2008-09
Capital Expenditure	0.99	11.42
Revenue Expenditure charged to the Profit and Loss Account	109.36	94.46
TOTAL	110.35	105.88

9. The information required by Paras 3 & 4 of part II of Schedule VI to Companies Act, 1956 is as under:

A. Capacity and Production:

Particulars		Installed Capacity *	Actual Production Including Captive Consumption	
			2009-10**	2008-09**
Pesticides:				
A. Technicals	MT Per annum	# 9,528	5342	5,774
B. Formulations - Liquids / Wettable/ Granules	KL/MT per annum	38,050	21201	17,787

* As certified by the Management & relied upon by the auditors being a technical matter.

* The products manufactured by the Company are under delicensed category.

** Actual Production includes processed for outsiders.

Excludes capacity of intermediates.

B. Production, Sales and Stock (excluding trading activity):

Particulars	Opening Stock		Production		Turn Over		Closing Stock	
	Qty MT/KL	Value (Rs. in Lacs)	Qty MT/KL	Value (Rs. in Lacs)	Qty MT/KL	Value (Rs. in Lacs)	Qty MT/KL	Value (Rs. in Lacs)
Pesticides:								
A. Technicals	392 (280)	1702.80 (1342.80)	*5342 (5774)	-- --	@ 5108 @ (5662)	26955.64 (29593.07)	626 (392)	3756.58 (1702.80)
B. Formulations - Liquids/Wettable/ Granules	1341 (812)	1576.58 (902.83)	*21201 (17749)	-- --	#@ 20130 #@ (17220)	38943.04 (32739.09)	2412 (1341)	4374.90 (1576.58)

* Includes purchases from outside

@ Includes captive consumption and cleared for outside processing

Includes processed outside

() Figures in brackets relate to previous year.

C. Trading Activity

Particulars	Opening Stock		Production		Turn Over		Closing Stock	
	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)
Formulations	65 (3)	83.10 (169.80)	1734 (1390)	1720.38 (2615.31)	1353 (1328)	3116.68 (3288.70)	446 (65)	371.74 (83.10)

() Figures in brackets relate to previous year

Note: Quantities of Closing Stock of goods mentioned above are after adjustments of excess / shortage upon physical stock counts, free samples under the Company's Schemes and write off.

D. Raw Material Consumed:

	Unit	2009-10		2008-09	
		Qty	Value (Rs. in Lakhs)	Qty	Value (Rs. in Lakhs)
Raw Material *	MT/KL	38000	40672.50	38013	35111.85
TOTAL			40672.50		35111.85

* Note:- There is no individual item of raw material consumed exceeding 10% of the total raw material consumed.

E. Value of Raw Material Consumed (Imported & Indigenous)

	2009-10		2008-09	
	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%
Imported	19095.59	46.95	20189.03	57.50
Indigenous	21576.91	53.05	14922.82	42.50
TOTAL	40672.50	100.00	35111.85	100.00

F. Value of Stores and Spares consumed:

	2009-10		2008-09	
	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%
Indigenous	457.53	100	384.57	100

G. Value of Imports Calculated on CIF Basis

	2009-10 Value (Rs. in Lakhs)	2008-09 Value (Rs. in Lakhs)
Raw Material	17448.38	19503.04
Traded Goods	—	—
Capital Goods	119.24	113.85

H. Expenditure in Foreign Currency

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Traveling Expenses	17.90	3.13
Consultancy Charges	18.05	66.11
Others including Commission	95.12	133.58

I. Earnings in Foreign Exchange

	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Export of Goods on FOB basis	22479.23	26823.04

10. Foreign Exchange Fluctuations:

Foreign Exchange gain/ (loss)	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
On Exports– adjusted to Export Sales	(626.86)	1222.19
On Imports – adjusted to Consumption of Rawmaterials	224.18	(708.68)
On Loans & Others shown under - Other Income	234.40	
- Admn, Selling / Distribution & Other Expenses		(740.83)
Net Foreign exchange (debited)/ credited to Profit & Loss Account	(168.28)	227.32

11. Segment Reporting**a. Primary Segment Information:**

The Company's main business segment is Agro Chemicals, hence there is no separate reportable business segment as per "Segment Reporting - Accounting Standard-17".

b. Secondary Segment Information:

Secondary Segment reporting is on the basis of the geographical location of customers. The management views India and Outside India markets as distinct geographical segments.

Particulars	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Segment Revenue		
(a) India	41687.78	31214.73
(b) Outside India	23343.62	29321.05
	65031.40	60535.78

12. Related Party Transactions:**A. Names of related parties and description of relationship.**

S.No.	Relationship	Party
1.	Holding Company	KLR Products Limited (Formerly GSR Products Limited)
2.	Associates	iKisan Limited Nagarjuna Fertilizers & Chemicals Ltd, Bhagiradha Chemicals & Industries Ltd, Nagarjuna Hydro Energy Pvt Ltd.
3.	Key Management Personnel	Mr.G.S.Raju, Managing Director (Resigned as on 16.09.2008) Mr.Ashok Muni, Director & COO, Mr.Vijaya Raghavan, Whole time Director, Mrs.K Lakshmi Raju, Director (having significant influence)
4.	Relatives of Directors	Mr KS Raju (Father of Mrs.K Lakshmi Raju, Director) Mrs.K Lakshmi Raju (Sister of Mr.KS Raju, Director)

B. Related Party transactions are as under: (Rs. in Lakhs)

Sl. No.	Transaction	Holding Company		Associates		Key Management Personnel		Relatives of Directors	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Sales	-	-	-	-	-	-	-	-
2	Purchases	7.06	-	1375.12	111.45	-	-	-	-
3	Job work Charges	-	190.57	-	-	-	-	-	-
4	Conversion charges	444.33	89.19	-	-	-	-	-	-
5	Technical Consultancy	-	-	195.92	12.50	-	-	-	-
6	Building & Godown rents -Expense	-	-	1.20	5.37	0.34	-	17.86	10.42
7	Godown rent-Income	-	-	2.46	0.19	-	-	-	-
8	Managerial Remuneration	-	-	-	-	93.98	82.36	-	-
9	Trade Advance payments	850.00	-	-	-	-	-	-	-
10	Bank Guarantee given	-	-	463.88	-	-	-	-	-
11	Credit balances outstanding as 31 st March	-	-	517.73	95.59	15.36	15.36	-	-
12	Debit balances outstanding as 31 st March	635.68	42.47	-	-	-	-	2.97	2.34

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

Associates	2009-10 (Rs. in Lakhs)	2008-09 (Rs. in Lakhs)
Purchases - Bhagiradha Chemicals & Industries Ltd	1369.38	94.66

13. Earnings per Share

Sl. No.	Particulars	2009-10	2008-09
a)	Profit/(Loss) after tax (Rs.in Lakhs) (There are no extra ordinary items)	5975.65	4926.46
b)	Earnings available to Equity Shareholders (Rs.in Lacs)	5975.65	4926.46
c)	Weighted average No. of Shares taken for computing EPS		
	- Basic	1,48,98,157	1,48,98,157
	- Diluted	1,48,98,157	1,48,98,157
d)	Earnings per Share (Rs.) (b/c)		
	- Basic	40.11	33.07
	- Diluted	40.11	33.07

14. Deferred Taxation

Deferred Tax is accounted in respect of the timing differences on a liability method. Deferred Tax Asset has been recognised to the extent where the management is reasonably certain that the realisation is more likely than not.

Deferred Tax Assets and Liabilities are attributable to the following items:

Particulars	Deferred Tax Asset / (Liability) as on 31.03.2010 (Rs. in Lakhs)	Deferred Tax Asset / (Liability) as on 31.03.2009 (Rs. in Lakhs)
Deferred Tax Asset		
- Provision for Leave Encashment	12.45	4.16
- Deferred Tax Asset	12.45	4.16
Deferred Tax Liability		
- Depreciation	(2276.18)	(2275.28)
- Deferred Tax Liability	(2276.18)	(2275.28)

15. Employee Benefit Obligations**A. Defined Contribution Plan :**

The company makes Provident Fund contribution to defined contribution retirement benefit plan for qualifying employees. Under the scheme the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

Contribution to defined contribution plan is recognized and charged off for the year as follows:
(Rs. in Lakhs)

Particulars	FY 2009-10	FY 2008-09
Employer's contribution to Provident Fund	78.07	61.62
Employer's contribution to Pension Scheme	63.87	58.08

B. Defined Benefit Plan:

Liability for retiring gratuity as on 31st March, 2010 is Rs.238.51 Lakhs (as on 31st March, 2009 – Rs.224.01 Lakhs) of which Rs.210.51 Lakhs (as on 31st March, 2009-Rs.137.92 Lakhs) is funded with Life Insurance Corporation of India/ ING Vysya Life Insurance Company Private Limited and the balance is included in provision for Gratuity. Liability for Gratuity has been actuarially determined and provided in the books. The details of the Company's post-retirement benefit plans for its employees are given below which is certified by the actuary.

(Rs. in lakhs)

Sl. No.	Particulars	31-03-2010	31-03-2009
1	Acturial Assumptions		
	Discount Rate	8%	8%
	Salary Escalation	7%	4%
	Attrition Rate	1-3%	1%
	Mortality Table	LIC (1994-96)	LIC (1994-96)
	Retirement Age	58 Years	58 Years
2	Table Showing changes in present value of Obligation as on 31-03-2010		
	Present value of obligations as at beginning of year	224.01	181.66
	Interest cost	17.92	14.53
	Current Service Cost	22.96	12.62
	Benefits Paid	(44.09)	(29.56)
	Actuarial (gain)/ loss on obligations	(17.71)	(44.75)
	Present value of obligations as at end of year	238.51	224.01
3	Table showing changes in the fair value of plan assets as on 31-03-2010		
	Fair value of plan assets at beginning of year	137.92	171.59
	Expected return on plan assets	11.34	-
	Contributions	103.46	41.34
	Benefits Paid	(44.09)	(29.56)
	Actuarial gain/(loss) on Plan assets	1.88	(45.45)
	Fair value of plan assets at the end of year	210.50	137.92
4	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	137.92	171.59
	Actual return on plan assets	11.34	-
	Contributions	103.46	41.34
	Benefits Paid	(44.09)	(29.56)
	Fair value of plan assets at the end of year	210.50	137.92
	Funded status	(28.01)	(86.09)
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	-	-
5	Actuarial Gain/Loss recognized		
	Actuarial (gain)/ loss on obligations	17.71	44.75
	Actuarial (gain)/ loss for the year - plan assets	1.88	(45.45)
	Actuarial (gain)/ loss on obligations	19.59	(0.69)
	Actuarial (gain)/ loss recognized in the year	19.59	(0.69)

Sl. No.	Particulars	31-03-2010	31-03-2009
6	The amounts to be recognized in the balance sheet and statements of profit and loss		
	Present value of obligations as at the end of year	238.51	224.01
	Fair value of plan assets as at the end of the year	210.50	137.92
	Funded status	(28.01)	(86.09)
	Net asset/(liability) recognized in balance sheet	(28.01)	(86.09)
7	Expenses Recognised in statement of Profit and loss		
	Current Service cost	22.96	12.62
	Interest Cost	17.92	14.53
	Expected return on plan assets	11.34	-
	Net Actuarial (gain)/ loss recognized in the year	(17.71)	44.75
	Past Service Cost	-	78.38
	Expenses recognised in statement of Profit and loss	34.51	150.29

The obligation of **leave encashment** is recognized based on actuarial valuation made by an independent actuary at the end of the financial year.

16. Balance of debtors, loans and advances and creditors are subject to reconciliation and confirmation.
17. Figures of the previous year have been re-grouped/recast wherever necessary to conform to the current year's presentation/classification.
18. Figures are rounded off to the nearest rupee.

Signatures to Schedules "A" to "P"

As per our report attached
to the Balance Sheet.
For **M.BHASKARA RAO & CO.,**
Chartered Accountants

For and on behalf of the Board

Anilkumar Mehta
Partner

K.S.Raju
Director

C.M.Ashok Muni
Director & Chief Operating Officer

Place: Hyderabad
Date : 26th April, 2010

R.K.S.Prasad
Chief Financial Officer

D.Suresh Babu
VP-Legal & Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)

Total Expenditure

Profit/Loss before Tax

Profit/Loss after tax

Earning per Share (in Rs.)

Dividend Rate %

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code (ITC Code)

Product Description

**NAGARJUNA AGRICHEM LIMITED**

Regd. Office : Plot No. 61, Nagarjuna Hills,
Punjagutta, Hyderabad - 500 082. A.P.

Nagarjuna Agrichem Limited



Please fill up this Attendance Slip and hand it over at the entrance of the Meeting Hall. Please also bring your Copy of the enclosed Annual Report.

ATTENDANCE SLIP

I hereby record my presence at the 23rd Annual General Meeting of the Company held at 10. a.m on Friday , 30th July, 2010 at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad – 500 004

REGD. FOLIO NO / CLIENT ID

NO. OF SHARES

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS)

Note : Member / Proxy who wish to attend the meeting must bring this Attendance Slip to the meeting and handover at the entrance duly signed.

NAGARJUNA AGRICHEM LIMITED

Regd. Office: Plot No.61, Nagarjuna Hills,
Punjagutta, Hyderabad - 500 082.

REGD. FOLIO NO / CLIENT ID

PROXY FORM

NO. OF SHARES

I/We _____ of

_____ being a Member / Members of Nagarjuna Agrichem Limited, hereby
 appoint _____ of _____ or failing him
 _____ of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held at 10. a.m on Friday , 30th July, 2010 at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad – 500 004 and at any adjournment thereof.

Signed this _____ day of _____, 2010

Signed by the said _____



Note : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

IMPORTANT INFORMATION TO SHAREHOLDERS

The Securities and Exchange Board of India has notified that the shareholders / transferee(s) (including joint holders), holding shares in physical form are required to furnish a certified copy of their PAN card to the company / RTA while transacting in the securities market in relation to transfer, transmission of securities or any other corporate action.

Accordingly, all the shareholders /transferee(s) (including joint holders), are requested to furnish a certified copy of their PAN card to the company / RTA while transacting in the securities market in relation to transfer, transmission of securities or any other corporate action along with the format appended below or email the format to bsshyd_bigshareonline.com

Name :

Address:

Folio No. / DP ID and Client ID :

PAN No.'s of all share holders:

Please enclose certified copy of PAN Card of each Shareholder

Email id of 1st named share holder:

Date :

Place:

Signature