



NAGARJUNA AGRICHEM LIMITED

**Annual Report
2012-13**



Research and Development Lab at Shadnagar



Plant at Srikakulam

Plant at Ethakota



Zero Liquid Discharge (ZLD) unit at
Srikakulam Biological Plant

ZLD - MEE 4 (15 KL/hr)

ZLD - Biological Plant

BOARD OF DIRECTORS

Dr.Nitish K Sengupta	: Chairman
Mr.K.S.Raju	: Director
Mrs.K.Lakshmi Raju	: Director
Mr.K.Rahul Raju (up to 29-12-2012)	: Director
Mr.D.Ranga Raju	: Director
Mr.K.Raghuraman	: Director
Mr.Sudhakar Kudva	: Director
Mr.N.Vijayaraghavan	: Director
Mr.V.Vijay Shankar	: Managing Director



Day - **Wednesday**
 Date - **7th August, 2013**
 Time - **10.00 a.m**
 Venue - **Surana Udyog Auditorium**
 Federation of Andhra Pradesh
 Chamber of Commerce and Industry
 Federation House, 11-6-841
 Red Hills, Hyderabad-500 004, A.P.

SENIOR MANAGEMENT

Mr.Amit Taparia	: Sr. General Manager - Procurement & SCM
Mr.G.Jagannadha Rao	: Vice President - Exports
Mr.Harish Chandra Bijlwan	: Sr. General Manager - Business Tech. & Outsourcing
Dr. Venkatesan Subbusamy	: General Manager - Registration & Regulatory
Mr.J.Satyanarayana Das	: Vice President - Manufacturing (Ethakota)
Mr.K.G.Vadivel	: Vice President - Manufacturing (SKLM)
Mr.Manikkam Natarajan	: Vice President - Marketing & Sales
Mr.R.K.S.Prasad	: Chief Financial Officer
Mr.Satish Kumar Subudhi	: Company Secretary & Head - Legal
Mr.S.Chandra Sekhar	: Vice President - Corporate HPD
Mr.S.V.S.Rama Raju	: President - Operations

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Registered Office :

Plot No12-A, "C"Block,
 Lakshmi Towers
 No.8-2-248/1/7/78
 Nagarjuna Hills,Punjagutta
 Hyderabad-500082, A.P.

Factories :

Arinama Akkivalasa
 Etcherla Mandal
 Srikakulam, A.P.

Ethakota P.O, Ravulapalem
 East Godavari (Dist.) A.P.

Shadnagar
 Nandigaon Village
 Kothur Mandal
 Mahaboobnagar, A.P.

R&D Centre :

Shadnagar
 Nandigaon Village
 Kothur Mandal
 Mahaboobnagar, A.P.

Windmill :

Tirunelveli
 Tamilnadu

Auditors :

M.Bhaskar Rao & Co.,
 Chartered Accountants
 5-D,Kautilya, Somajiguda
 Hyderabad-500082, A.P.

Cost Auditors :

K.Narasimha Murthy & Co.,
 Cost Accountants
 3-6-365, 104 & 105
 Pavani Estate
 Himayathnagar
 Hyderabad - 500029, A.P.

Bankers :

State Bank of India
 HDFC Bank Ltd
 IDBI Bank Ltd
 New India Co-Op.Bank Ltd

Share Transfer Agents :

XL Softech Systems Ltd.,
 No.3 Sagar Society,
 Road No.2, Banjara Hills
 Hyderabad - 500034. A.P.
 Ph : 040 - 23545913/14/15
 Fax : 040 - 23350234
 E-mail: xlfield@gmail.com

NOTICE

NOTICE is hereby given that the **26th Annual General Meeting** of M/s.Nagarjuna Agrichem Limited will be held at 10.00 A.M on Wednesday, the 7th day of August, 2013 at Surana Udyog Auditorium, M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad – 500004 (A.P) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account and Cash Flow Statement for the year ended 31st March, 2013, the Balance Sheet as at that date and the Auditors' Report and the Directors' Report thereon.
2. To appoint a Director in place of Dr. Nitish K Sengupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K.S.Raju who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N.Vijayaraghavan who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants, the retiring Auditors as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix the remuneration of the Statutory Auditors.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the mortgage and/or charge created / to be created by the Company of the immovable and movable properties of the Company wheresoever's situated, both present and future, and/or conferring power to enter upon to take possession of assets of the Company in certain events, to or in favour of

- i) HDFC Bank Limited, Begumpet, Hyderabad for securing Fund & Non Fund Based Limits and Term Loan of ₹69 Crores.
- ii) IDBI Bank Limited, Abids, Hyderabad for securing Fund & Non Fund based Limits and Term Loan of ₹90 Crores.
- iii) State Bank of India, CAG Branch, Hyderabad for securing Working Capital Limits and Term Loan of ₹125 Crores.
- iv) New India Co-Operative Bank Ltd, Mumbai for securing Working Capital Term Loan of ₹34 Crores.

together with interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses be and the same are hereby confirmed, approved and ratified."

By Order of the Board

Date : 18th May, 2013
Place : Hyderabad

Satish Kumar Subudhi
Company Secretary
& Head-Legal

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead and such proxy need not be a member of the Company.** Proxies / Power of Attorneys, in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the scheduled time of the meeting. A blank Proxy Form is annexed to this Annual Report.
2. **Explanatory Statement:**
The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business items is given below and forms part hereof.
3. **Directors proposed to be re-appointed:**
Dr.Nitish K Sengupta, Mr.K.S.Raju and Mr.N. Vijayaraghavan are retiring by rotation and eligible for re-appointment. Members may kindly refer "Corporate Governance Report"(Forms part hereof), for their details.
4. **Book Closure:**
The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 8th July, 2013 to Thursday, 11th July, 2013(both days inclusive).
5. I) The members are hereby informed that the Company would transfer the dividends, which remain unclaimed for a period of 7 years, to the Investors Education and Protection Fund (IEPF) constituted by the Central

Government under Section 205C of the Companies Act, 1956.

- (II) Further the Company shall not be in a position to entertain the claims of the Shareholders for the unclaimed dividends which have been transferred to IEP Fund.
 - (III) In view of the above, the Shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years 2005-06 (final dividend) through 2011-12(final dividend) to the Share Transfer Agent (RTA) office or to the Registered Office of the Company at Hyderabad for issue of cheques / demand drafts before the due dates for transfer to the IEP Fund.
6. **Members Nomination:**
Members are advised to avail themselves of nomination facility as per the amended provisions of Companies Act, 1956 for which Nomination Form (Form 2B) available with the RTA.
 7. **Corporate Members:**
Corporate Members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representatives to attend and vote at the Annual General Meeting (AGM).
 8. **Important Communication to Members:**
The Ministry of Corporate Affairs, Government of India has taken a "Green initiative in the Corporate Governance"

by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by submitting the e-mail Registrations Form attached with this Annual Report.

9. Communication:

All communications relating to the shares are addressed to our Share Transfer Agent (RTA) Office i.e., M/s XL Softech Systems Limited, No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034 (AP) Telephone No:040-23545913 /914/915 ; Fax No.040-23553214, E-mail:xlfield@gmail.com. The website of your Company is www.nagarjunaagrichem.com where you can find more information about the Company. All the investors' related communications may be addressed to said RTA Office.

10. Listing Fees:

The Company has paid the listing fees for the year 2013-14 to the Stock Exchange, Mumbai where the equity shares of the Company are listed.

11. Members are requested to:

- i. send their queries, if any, to reach the Company's Registered Office at Hyderabad at least 15 days before the date of the meeting so that information can be made available at the meeting.
- ii. bring their copy of the Annual Report and Attendance Slip with them to the meeting.
- iii. to bring their DPID and Client ID numbers for easy identification of attendance to the venue of AGM, who hold shares in dematerialized form;
- iv. send their e-mail address to the Company / RTA for prompt communication.
- v. to quote their Regd. Folio Number / DP and Client ID Numbers in all their correspondence with the Company / RTA.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.7:

The Company has renewed / borrowed monies from the following Banks / FIs towards meeting its various funds requirement from time to time:

- i) HDFC Bank, Hyderabad for securing Fund & Non Fund Based Limits and Term Loan of ₹69 Crores.
- ii) IDBI Bank Ltd, Abids, Hyderabad for securing Fund & Non-Fund Based Limits and Term Loan of ₹90 Crores .
- iii) State Bank of India, CAG Branch, Hyderabad for securing Working Capital Limits and Term Loan of ₹125 Crores.
- iv) New India Co-operative Bank Ltd, Mumbai for securing Working Capital Term Loan of ₹34 Crores

In terms of the agreements entered into with the said Banks/ Financial Institutions secured/continuation or extension of security of these borrowing(s) is mortgaging of all fixed assets (movable and immovable properties of both present and as well as in future acquisition) of the Company.

The said mortgage and/or charge created / modification of charge by the Company in favour of aforesaid Bank(s) / Financial Institutions may be regarded as a disposal of the Company's undertaking(s) within the meaning of Section 293(1) (a) of the Companies Act, 1956 which requires the approval of the Members of the Company under the said Section 293(1) (a) of the Act. Accordingly, the Ordinary Resolution at item No. 6 of the Notice seeking the approval, confirmation and ratification to the creation of the mortgage by the Company in favour of the aforesaid Banks / FIs, is submitted for your approval.

The copies of the said Agreements entered into with the said Banks / FIs will be available for inspection by the Members at the Registered Office of the Company between 10.00 A.M and 1.00 P.M on any working day except Saturdays, Sundays and holidays upto the date of the meeting.

None of the Directors of the Company are in any way concerned / interested or deemed to be concerned / interested in the proposed resolution.

By Order of the Board

Date :18th May, 2013
Place : Hyderabad

Satish Kumar Subudhi
Company Secretary
& Head-Legal

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the **26th Annual Report** of the Company together with the Audited Accounts for the year ended 31st March, 2013.

Operating Results:

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

(₹ In Lakhs)

Particulars	2012-13	2011-12
Sales / Income from Operations	61444	64306
Other Income	784	386
Operating Expenditure	64222	63268
Total Income	62228	64692
Profit Before Taxation	(-)1994	1424
Less : Provision for Taxation	(-)727	693
Profit After Taxation	(-)1267	731
Add : Surplus Brought Forward	14803	14372
Amount available for Appropriation	13536	15103
Appropriations		
Your Directors recommend Appropriations as under:		
Transfer to General Reserve		40
Dividend:		
- Final (Proposed)		223
- Provision for Corporate Dividend Tax		36
Surplus Carried Forward	13536	14803
Total Appropriations	13536	15102

Performance:

The major fire incident in June 2012 and the subsequent closure of the Srikakulam plant had a dampening effect on the performance of your Company. Your Company has reported annual sales revenue of ₹614.44 Crores for the year 2012-13, as against ₹643.07 Crores recorded in 2011-12.

Despite the closure of the Srikakulam plant, your Company has been able to achieve turnover close to that of the previous year. This has been mainly due to the growth in domestic sales.

The Operating Profit and Cash Profit stood at ₹12.48 Crores and ₹5.35 Crores during the year under review, compared to ₹47.47 Crores and ₹41.21 Crores respectively in the previous year.

Domestic & Export Markets:

The monsoon was delayed last year and the rainfall was below normal, particularly in the key months of June and July, 2012 triggering drought in some parts of the country. This affected sowing particularly in Paddy and resulted in a lower growth

rate of agriculture and allied sectors. Despite challenging market environment, your Company could achieve the record domestic sales of ₹407.00 Crores as against ₹316.00 Crores in the previous year recording a growth of 29%. This growth is mainly attributable to various policy decisions taken by the Company coupled with the production support of Ethakota Formulation Plant and various newer supply chain initiatives.

Exports have been significantly affected due to the closure of Srikakulam Plant for about 5 months and the incapacitation of Block 5 which was affected by the Fire, during the year under review. Block 5 is the largest Block in the plant and contributes to around 40% of the total capacity. The sales has accordingly decreased to ₹128.35 Crores in the year under review from ₹208.04 Crores in the previous year.

However, the Export customers have been understanding and co-operative during the period.

Plant Operations:

As you are aware the unfortunate fire incident occurred in the Company's Srikakulam Technical Plant in the month of June, 2012, it has resumed its operation after closure of approximately 5 months, effective from November 26, 2012, as per terms of the statutory approvals/ permissions accorded for manufacture a few products in few of the Blocks. The plant has taken various initiatives and additional safety measures as per the regulatory requirement, to prevent any such untoward events in future. The operations in the other Blocks, except the affected Block and in other Products, were also resumed as soon as their approvals are received. Given the above, the plant could achieve the annual production of 2129 MT/KL during the year under review as against 5309 MT/KL in the previous year.

Your Company has started work on rebuilding Block 5 and has lodged claim with the Insurance Company.

The Ethakota plant has been able to meet the increased demand of domestic markets. It has achieved a record production of 22327 MT/KL in the year under review, comparing to the previous year production of 12514 MT/KL. The continued focus on streamlining the production facilities, debottlenecking, quality control and enhanced productivity has yielded the desired results. However, rising input costs, erratic & irregular power supply from Electricity Board, manpower issues etc. continue to be causes of concerns. The operations in the Formulation unit in Shadnagar were suspended in the year under review, as focus in the location is on the R&D Unit.

Dividend:

Keeping in view the continuing investment in its operations, restoration of fire affected block in Srikakulam plant, sustainable development / improvement and also with an eye to improved production in the plants, your Directors have considered it prudent not to declare any dividend for the year under review.

Bonus Issue:

In compliance with the requirements of Clause 40A of the Listing Agreement with the Stock Exchanges to raise public shareholding of the Company to not less than 25%, your

Directors have recommended issue of bonus shares only to the public shareholders in the ratio of three Equity Shares for every fourteen Equity Shares of the Company. Necessary steps are being taken to give effect to the same, including obtaining approval of the Shareholders for such bonus issue and also for amendment of the Articles of Association of the Company.

Windmills:

As you are aware, your Company has 3 Windmills having a total capacity of 6.3 MW, located near Tirunelveli in Tamilnadu State. The operations of these are managed by M/s Suzlon Limited and the performance of the Windmills for the year was satisfactory. During the year under review, there are delays in getting the receivables from TNEB, who purchase the entire power generated as per the terms of the PPA. However, as per the Court directives, interest is being paid for the delayed payments.

New Projects/Products:

During the year under review your Company has commissioned a 'State-of-the-art R&D Centre' at Shadnagar, Nandigaon Village, Kothur Mandal, Mahaboobnagar District, Andhra Pradesh. This facility is intended to further assist the Company in leveraging the substantial opportunities in the Crop Protection Business. The main objectives of setting up the said R&D centre are to develop cost effective processes for manufacture of Active Ingredients (AI) and the intermediates for Herbicides, Insecticides & Fungicides and to develop new Formulations of Pesticides. It is planned to have an accredited GLP (Good Laboratory Practices) Lab also.

The Company lays emphasis on Research and Development (R&D) for improvement in existing processes for better productivity and development of new products.

Subsidiary Companies and Consolidation of Financial Statements:

In Accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other financial statements /documents of the Subsidiary Companies viz., Nagarjuna Agrichem (Australia) Pty Ltd and LR Research and Laboratories Pvt.Ltd (which are yet to commence its operations / activities) are not being attached with the Balance Sheet of the Company. The Audited annual accounts and related information of subsidiaries as applicable will be made available upon request. The Statement required under section 212 of the Companies Act, 1956 is attached to the annual accounts of the Company.

Pursuant to clause 32 of the Listing Agreement with Stock Exchanges, applicable provisions of the Companies Act, 1956 and as per Accounting Standard (AS) 21 and other applicable Accounting Standards, the audited Consolidated Financial Statements for the year ended on 31st March, 2013 are provided in this Annual Report.

Environment Protection:

Emphasis on safety in the operations and proper environment management towards this, new ETP was commissioned at Ethakota Unit and a new Scrubber system was commissioned at Shadnagar during the year. The operations of Zero Liquid Discharge (ZLD) facility at Srikakulam Unit have been

stabilized. Steps and efforts are in place in the direction of demonstrating constantly improved environmental performance.

Your Company continues to enjoy the certifications ISO: 9001:2008, ISO : 140001 and OHSAS : 18001 accredited for its proven standards covering in the areas of Quality, Environment, Safety and Health Management Systems respectively.

Corporate Social Responsibility:

As a responsible corporate citizen, the Company is carrying out various social activities in diverse fields. Such activities include but not limited to ongoing drinking water supplies to villages and installing RO plants in neighboring villages, contribution to Vidya Volunteer Scheme and for Mythri Police, streetlight & borewell maintenance, development of school facilities, community centers & bus shelters in surrounding villages of the factories, providing medical services & vocational courses and conducting various medical camps etc.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Dr. Nitish K Sengupta, Mr.K.S.Raju and Mr.N.Vijayaraghavan, Directors of the Company will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. K. Rahul Raju, Director has resigned with effect from 29th December, 2012. The Board wishes to place on record the significant contribution that Mr. K. Rahul Raju made to your Company during his association, for over one decade.

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, 2013 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.

Transfer of Un-claimed Dividend:

Pursuant to Section 205C (2) of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001 as amended from time to time, the un-claimed dividend amounting ₹.2,61,480/- (Rupees two Lakhs sixty one thousands four hundred eighty only) for the final dividend of the year 2004-05 were transferred to the Investors Education and Protection Fund. The un-claimed final dividend for the year 2005-06 is due for transfer to the said fund account.

Fixed Deposit:

Your Company has not accepted any Fixed Deposits from the public during the year.

Industrial Relations:

The industrial relations at the factories and head office continued to be cordial. The agreement with the Workers Union at Srikakulam was signed in the first week of April, 2013.

Personnel:

Your Directors would like to place on record their deep sense of appreciation of the devoted services of the executives, staff and workers of your Company. In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended from time to time, the names and particulars of the employees are set out in the Annexure-II to the Directors' Report.

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.

Management Discussion and Analysis Report:

Management 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 this Annual Report.

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 this Annual Report.

Acknowledgement:

Your Directors thank the Company's Bankers and the Financial Institutions for their help and co-operation extended throughout the year. Your Directors place on record their appreciation for the support and co-operation that the Company received from its stakeholders, customers, agents, suppliers, employees, various Government /Non-Government Departments, Associates and Community in the vicinity of the plants. Your Directors also record their appreciation for the excellent operational performance of the staff of the Company that contributed to the achievements of the Company. The Directors also acknowledge with much gratitude, the continued trust and confidence reposed by the Dealers / Customers of the Company.

Your Directors look forward to the future with confidence.

For and on behalf of the Board

Place : Hyderabad
Date : 18th May, 2013

Dr.Nitish K.Sengupta
Chairman

FORM - A

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A . POWER AND FUEL CONSUMPTION	UNIT	2012-13	2011-12
1) ELECTRICITY:			
(A) PURCHASES			
Unit	KWH	11586627	23934566
Total Amount (Net of Subsidy)	₹ In Lakhs	866	1024
Rate/Unit	₹	7.47	4.28
(B) OWN GENERATION			
(i) Through Diesel Generator Unit	KWH	1928227	3355030
Unit per Litre of Diesel Oil		2.49	2.81
Cost/Unit	₹	19.29	17.43
2. COAL(SPECIFY QUALITY & WHERE USED)	C Rom - Used for Boiler		
Quantity	MT	15400	33170
Total Cost	₹ In Lakhs	517.75	1134.66
Average Rate/Mt	₹	3362.01	3420.74
3. FURNACE OIL			
Quantity	KL	55.48	126.00
Total Cost	₹ In Lakhs	24.32	44.70
Average Rate/Mt	₹	43833	35479
4. OTHERS / INTERNAL GENERATION			
Diesel/Furnace Oil			
Quantity	KL	77.68	206.81
Total Cost	₹ In Lakhs	30.73	70.70
Rate/Unit (KL)	₹	39565	34187
5. CONSUMPTION PER TONN OF PRODUCTION			
Electricity	KWH	5850.75	4411.63
Furnace Oil	KL	0.03	0.02
Coal-Quality C Rom	MT	7.17	6.27
Other (Specify)-Diesel/Farm Waste	MT	0.00	0.04

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 | : ₹12,45,76,067/- |
| b) Recurring | : ₹1,03,13,564/- |
| c) Total Expenditure as a percentage of total turnover | : 2.20% |

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 e.g. 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 NACL future growth strategy. As a result of new product introduction and Research & Development investments, Exports have shown a satisfactory results. |
| ii. Foreign Exchange Outgo and Earnings: | : ₹ In Lakhs |
| Foreign Exchange Outgo | |
| Raw Materials | : 11264.12 |
| Capital Goods | : 14.29 |
| Traded Goods | : - |
| Others | : 66.41 |
| Total | : 11344.82 |
| Foreign Exchange Earnings (FOB Value) | : 12009.29 |

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956:

Name of the Employee	:	Mr. V.Vijay Shankar
Designation	:	Managing Director
Age (years)	:	56 years
Qualifications	:	Chartered Accountant
Experience (years)	:	31 years
Remuneration	:	₹68,55,228/-
Date of Commencement of employment	:	11 th May, 2011
Details of last employment	:	Zuari Industries Limited

For and on behalf of the Board

Place : Hyderabad
Date : 18th May, 2013

Dr.Nitish K Sengupta
Chairman

Management Discussion and Analysis Report:

This discussion is on the Agrochemical Business as it constitutes the main part of the revenues of the Company.

Industry Overview:

The Agrochemical Industry has a significant influence on the Indian economy, given the need for ensuring food security for 1.21 billion population. In the backdrop of water shortage, stagnant acreages of cultivable land and other factors, improvement in yield and output of the farm produce is of paramount importance. In this context, Agrochemicals plays a vital role in ensuring higher productivity of the farm produce by controlling pests, weeds etc. The Agrochemical sector has been growing in India by 8 to 10% annually and around 5 to 6 % globally. India is one of the largest consumers of Agrochemicals. However, it's per acre consumption is amongst the lowest. The growth is also driven by increasing awareness about the affirmative impact of Agrochemicals on the agri-produce, need for crop protections, deficiency of farm labor and other related / ancillary factors.

With a domestic market size of around ₹120 billion aided with expected growth of ~10% per annum, the Indian Agrochemical Industry is poised to take the challenge of meeting the growing demand and also extends a huge growth potential for foreign investment.

The various kinds of Agrochemicals in India are Fungicides, Herbicides, Bio-pesticides, Nematocides, Rodenticides and Fumigants, and the producers are broadly divided into technical agrochemicals - the bulk actives and formulators who compound actives in forms that enable use. The industry is highly fragmented at both levels, with around 125 technical producers and more than 800 formulators, serving millions farmers through a thousands of dealers / distributors. Many technical producers are forward-integrated into formulations.

The share of insecticides in the total agrochemical pie has decreased and herbicides & fungicides have become more important. Indeed, these two segments are the fastest growing, reflecting both a shortage of labour to do manual weeding and the emergence of new infestations. The states of Andhra Pradesh, Maharashtra, Punjab and Gujarat account for little more than half the total consumption, but the market has clearly become more diversified and evenly spread than was the case a few years ago.

Producers face many challenges in the domestic market, which is seasonal, regional and fluctuating. As much as 60 to 70% of demand is in the Kharif (June to November) and Companies have to stock inventories well before. The business is long on credit and agrochemicals are the last thing farmers buy, well after seeds and fertilizers and off take depend on a lot of things, including the weather going right.

The apex industry body Assocham said growing at a Compound Annual Growth Rate (CAGR) of about 15%, the agrochemicals sector in India is likely to cross ₹25,000 crore mark by 2015. Currently the Indian agrochemicals market is poised at over ₹16,000 Crore, according to a study.

At the global level, generics continue to grow and new patented products are far and few. Toll manufacturing is an important segment in Active Ingredients (AI), where your

Company has a presence. Many leading MNCs are getting their Technical manufactured in countries like India on Toll basis in view of the cost advantage that it offers. Tolling as a business is expected to grow as products come out of the patent protection periods.

Opportunities:

Given following positives, there exists a huge potential in the domestic market for indigenous manufacturers:

- Low penetration of pesticides, coupled with the need to protect farm produce, growing variety of pests and their increasing resistance to pesticides would drive the demand for the industry.
- Availability of various raw materials, low cost skilled manpower and low cost manufacturing process provide tremendous export opportunities for the domestic players.
- The potential use of bio-technology in the manufacture of pesticide would provide the Indian Companies the opportunity to tap the growing global market as well as the domestic market for bio-pesticides.
- Large number of products in the agrochemical market is coming off-patent in the near future which would provide opportunity for the Indian pesticide manufacturers as most Indian technical manufacturers in India are focused on off-patent pesticides.
- Government initiatives such as Integrated Nutrient and Integrated Pest Management in order to mitigate health issues arising out of Nitrogen based agro-chemicals are driving the demand for eco-friendly agrochemicals. Research indicates that developing countries such as China and India are demanding higher volumes of nutritious food, which will increase demand for agrochemicals.

Keeping the above in view, your Company is gearing up to seize these opportunities and in this regard, various strategies are in place which will leverage its strength of large pan India dealer network / channel partners and brand value. It is also implementing various initiatives for improving productivity and capacity utilization in it's plants.

Threats, Risks and Concerns:

- With an abysmally low R&D spend, the development and introduction of new products becomes big challenge for the Indian Agrochemical Industry. Much of the research is for quality control & analysis passing off, and the same need to be changed to focus for new products.
- Rising production cost due to inflation, high input, power and labor cost and stiff competition making it difficult to pass on to the consumers, thereby pressure on margins.
- Seasonality crop production leads to under utilization of capacity, imposition of higher safety standards, high inventory management etc. entails with higher fixed and working capital cost.
- Given the stiff competition among themselves, spurious pesticides pose a threat to the industry, which negatively impacts the revenues of the organized players in the sector.

- The changing consumption patterns of pesticides in the global markets have an impact on reduction in the volumes.
- On the top of all above, the Monsoon and its timely arrival, quantity and spread continue to be a major concern for the entire Agri sector in India.
- The agrochemical industry, which includes majority of pesticides, does not qualify to be classified as a priority sector despite the fact that it caters primarily to the agriculture sector. It is important to classify the entire industry as a priority sector so that the advantages that flow to the priority sector in terms of cheaper credit, re-finance facilities are also available to the pesticide industry.

Outlook:

With the firming up and streamlining the Technical Plant operations at Srikakulam, the export segment is quite positive. Similarly, with the robust domestic market performance during the year under review coupled with normal monsoon forecast, the prospects for domestic operations too look bright. Your Company's increased efforts in implementing various strategies as well as improving the efficiency and productivity of manufacturing facilities shall augur well for the Company.

Internal Control System:

The Company has proper and adequate system of Internal Control commensurate with its size and nature of operations, which ensures that its assets are safeguarded and that all the transactions are authorized, recorded and reported correctly. The Company maintains adequate and effective Internal Control System and suitable monitoring procedures with regard to purchase of raw materials, stores, plants, machinery, equipments 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. There is Internal Audit System which focuses on all the main systems and processes.

Financial Performance:

For the year 2012-13, the total Income at ₹614.44 Crores was 4.70% lower than the previous year. The EBIDT and Cash Profit stood at ₹12.48 Crores and ₹5.35 Crores respectively compared to ₹47.47 Crores and ₹41.21 Crores last year. The interest cost at ₹32.42 Crores was 2.5 % lower compared to previous year due to disciplined working capital management

and repayment of Secured Loans to the extent of ₹230.67 Lakhs.

The Financial Performance of your Company during 2012-13 on major parameters was as under:

Parameter	2012-13	2011-12
Profit Before Depreciation, Interest & Tax (as% of net sales)	6.15%	11.58%
Return on Capital Employed	6.45%	12.19%
Return on Net Worth	(-)6.51	3.53
Earnings Per Share (FV Re.1/-)	(-)0.85	0.49
Book Value per share	13.07	139.19

This dismal performance during the year under review is mainly due to the fire incident occurred in one of the blocks in Srikakulam Technical Plant and its negative impact on the overall operations of the Company.

Industrial Relations and Human Resource Development:

The number of employees in the Company as on the 31st March, 2013 was 1072. The Company enjoys cordial and harmonious industrial relations. Training programs and various initiatives are being taken to create an environment to enhance individual and team performance.

Cautionary Statement:

The Statement in the Report of the Board of Directors and Management Discussion & Analysis Report describing the Company's Projections, estimates, exceptions or prediction may be forward looking statement within meaning of applicable of Securities Laws and Regulations. Actual results could differ materially from those expressed implied since the Company's operations are influenced by many external and internal factors beyond the control of Company.

For and on behalf of the Board

Place : Hyderabad
Date : 18th May, 2013

Dr. Nitish K Sengupta
Chairman

REPORT ON CORPORATE GOVERNANCE

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 31st March, 2013.

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 **Eight**.

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.

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

- 1) Composition of Board: The Company's Board of Directors presently comprises Eight Directors, of which one Director is a Executive Director (Managing Director) and balance seven are Non-Executive Directors of whom three are Independent Directors.
- 2) Number of Board Meetings held during the year and the dates of the Board Meetings:
During the year 2012-13, the Board met **Five** times on 19th May, 2012; 09th August, 2012; 26th September, 2012; 08th November, 2012 and 04th February, 2013.
- 3) The maximum time gap between any of two of the Board Meetings was not more than 4 months.
- 4) Attendance of each Director at Board meetings and the last Annual General Meeting:

Sl. No.	Name of the Director	Category of Directorship	Number of Board Meeting held during his director ship	Number of Board meetings attended	Attendance at the last AGM held on 26 th September, 2012.
1.	Dr.Nitish K. Sengupta	Independent & Non-Executive	5	5	Yes
2.	Mr.K.S.Raju	Non-Executive	5	5	Yes
3.	Mr.D. Ranga Raju	Independent & Non-Executive	5	5	Yes
4.	Mr. K.Rahul Raju®	Non-Executive	5	-	No
5.	Mrs.K.Lakshmi Raju	Non-Executive	5	2	No
6.	Mr.Sudhakar Kudva	Non-Executive	5	4	No
7.	Mr. N .Vijayaraghavan	Non-Executive	5	4	Yes
8.	Mr. K.Raghuraman	Independent & Non-Executive	5	5	Yes
9.	Mr.V.Vijay Shankar	Executive Director	5	5	Yes

® Resigned with effect from 29th December, 2012.

- 5) Number of other Board / Board Committees each Director (being a Director of the Company as at the end of the Financial Year) is a Director / Chairman:

Sl. No.	Name of the Director	Number of outside Directorships of Public Companies.		Number of Committee memberships held in other Public Companies	
		Chairman	Director	Chairman	Member
1.	Dr. Nitish K. Sengupta	2	2	-	-
2.	Mr.K.S.Raju	1	6	3	3
3.	Mr.D. Ranga Raju	1	2	-	2
4.	Mr. K.Rahul Raju®	-	6	-	2
5.	Mrs.K.Lakshmi Raju	-	-	-	-
6.	Mr.Sudhakar Kudva	-	2	1	2
7.	Mr.N.Vijayaraghavan	-	-	-	-
8.	Mr. K.Raghuraman	-	7	-	7
9.	Mr.V.Vijay Shankar	-	-	-	-

® Resigned with effect from 29th December, 2012.

* Chairmanship/membership of Board Committees includes only Audit Committee and Shareholders Grievance Committee.

None of the Directors on the Board is Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement across all Companies in which he is a Director. Necessary disclosures regarding Committee position in other Public Companies have been made by the Directors.

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 has 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.Sudhakar Kudva

The quorum of the Committee is 2 members.

The Committee met **Fifteen** 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, 2013 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. There are 55 Requests for transfer of shares and 3 requests for issue of duplicate share certificates received during the year. The Company during 01st April, 2012 to 31st March, 2013 received 37 complaints from the investors and the same were resolved and there were no balance investor's complaints pending / unresolved on that date.

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-15)
Mr.K.S.Raju	Chairman	15
Mr. D.Ranga Raju	Member	09
Mr.Sudhakar Kudva	Member	13

2. Audit Committee:

The Audit Committee constituted by the Board comprises of Dr. Nitish K Sengupta, Chairman, Mr. D. Ranga Raju, Director, Mr. K. Raghuraman, Director and Mr. Sudhakar Kudva. The Committee is chaired by Dr. Nitish K Sengupta.

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 Directors' 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, and 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 on 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 nonpayment 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 19th May, 2012, 09th August, 2012, 08th November, 2012 and 04th February, 2013. 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 Sengupta	Chairman	4
Mr. D. Ranga Raju	Member	4
Mr. K. Raghuraman	Member	4
Mr. Sudhakar Kudva	Member	4

3. Banking Committee:

The Banking Committee constituted by the Board comprises of Mr. K.S. Raju, Director, Mr. D. Ranga Raju, Director, Mr. N. Vijayaraghavan, Director and Mr. V. Vijay Shankar, Managing 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 working capital facilities/credit facilities by the Company and creation of the charge on the assets of the Company thereto, subject that 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 of 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 **Eight** 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 –8)
Mr. K.S. Raju	Chairman	8
Mr. D.Ranga Raju	Member	6
Mr. N.Vijayaraghavan	Member	8
Mr. V.Vijay Shankar	Member	8

4. Remuneration Committee:

The Company had constituted a Remuneration Committee with three independent Non-Executive Directors. The Remuneration Committee comprises of Dr. Nitish K Sengupta, Chairman, Mr. D. Ranga Raju, Member and Mr. K. Raghuraman, 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 quorum of the Committee is 2 members.

The Remuneration Committee had met **Two** times during the period under review and the meetings were held on 19th May, 2012 and 09th August, 2012. The details of attendance of member of the Remuneration Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held 2)
Dr. Nitish K Sengupta	Chairman	2
Mr. D.Ranga Raju	Member	2
Mr. K.Raghuraman	Member	2

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 ended 31st March, 2013 is given below:

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors
Dr. Nitish K Sengupta	₹1,10,000
Mr. K.S. Raju	₹50,000
Mr. D. Ranga Raju	₹1,10,000
Mr. K. Rahul Raju	-
Mrs.K. Lakshmi Raju	₹20,000
Mr. Sudhakar Kudva	₹80,000
Mr. K.Raghuraman	₹1,10,000
Mr. N.Vijayaraghavan	₹40,000
Total	₹5,20,000

The details of remuneration paid during the Financial Year ended 31st March, 2013 to Mr. V.Vijay Shankar, Managing Director is as under:

Component	Amount in ₹
Salary	30,00,000
Perquisites and Other Benefits	34,95,228
Contribution to Provident Fund	3,60,000
Total *	68,55,228

*Excluding the Performance pay, payable during current financial year 2013-14

G. GENERAL BODY MEETINGS:

- a) The last Three Annual General Meetings were held as under:

Financial Year	Date	Time	Place
2009-10	30-07- 2010	10.00 A.M	KLN Prasad Auditorium of Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004.
2010-11	12-08-2011	10.00 A.M	KLN Prasad Auditorium of Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004.
2011-12	26-09-2012	10.00 A.M	KLN Prasad Auditorium of Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad— 500 004..

- b) All the special resolutions were passed only on show of hands at the Annual General Meeting held on 30th July, 2010; 12th August, 2011 and 26th September, 2012.
- c) No special resolutions were passed by the Company's Shareholders through postal ballot during the year ended 31st March, 2013.

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.40-B of Schedule 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. a) UNCLAIMED DIVIDEND:

In accordance with the provisions of Section 205-C of the Companies Act, 1956, the amount of Dividend remaining Unpaid/Un-claimed for a period of seven years is required to be transferred by the Company to Investors Education and Protection Fund established by the Central Government. Members are requested to correspond with the Registrar and Share Transfer Agent M/s XL Softech Systems Limited, Hyderabad for encashing the unclaimed dividend if any, standing to their credit. No Claim against the said fund or against the Company for the amount of Dividend so transferred nor shall any payment be made in respect of such claims after the period of said seven years.

b) UNCLAIMED SHARES:

- As per amended Clause 5A.I of the Listing Agreement with the Stock Exchange, for shares issued pursuant to a public issue or any other issue, which remain unclaimed and are lying in the escrow account, the Company, after complying with the procedure prescribed therein, shall credit the unclaimed shares to a demat suspense account opened by the Company with one of the depository participants, for this purpose and,
- In terms of Clause 5A. II, of the Listing Agreement with Stock Exchange, for shares issued in physical form pursuant to a public issue or any other issue, which remain unclaimed, the Company, after complying with the procedure prescribed therein, shall transfer all such unclaimed shares into one folio in the name of "Unclaimed Suspense Account" and shall dematerialize such shares with one of the depository participants.

- Members are therefore requested to correspond with Registrar and Share Transfer Agent of the Company M/s XL Softech Systems Limited, Hyderabad for the shares (lying unclaimed), issued pursuant to the sub-division / split of equity shares of the Company from the face value of Rs.10/- to Re.1/-each, if any, standing to their credit.
- The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owner of such shares claims the shares.

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 Standard, Financial Express in English and Andhra Prabha in Telugu (regional language). The results are posted on the Company's Website and are sent to the Bombay Stock Exchange wherein the same is posted in their website www.bseindia.com.

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 Management, employees and other associates to deal in 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. Sengupta, Mr. K. S Raju and Mr. N.Vijayaraghavan, Directors of the Company, retire by rotation and being eligible seek re-appointment. Brief Profiles of the above Directors along with particulars of their directorships and Committee memberships are as under:

N. RE-APPOINTMENT OF DIRECTORS:

Dr. Nitish K Sengupta, a Doctorate from Delhi University and a Conferred Doctorate from Andhra University and an M.A First Gold Medalist from University of Calcutta in 1955. He is also a Post Graduate in Public Administration from Manchester under 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 Government of West Bengal. After retirement from Indian Administrative Services in 1992, he has become Director General of International Management Institute and stepped down in January, 2005. He joined in 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 Public Companies in which Dr. Nitish K Sengupta is a Director:

S.No.	Names of the Companies
1.	BNK Capital Market
2.	Inova Hotels and Resorts Limited
3.	Hindustan Gum and Chemicals Limited
4.	Credit Analysis and Research Limited
5.	Access India Advisors Ltd

Mr. K.S. Raju, son of Late Shri K.V.K Raju is Graduate Mechanical Engineering, and has been instrumental in propelling the Group forward, achieving newer heights of glory. He completed his Mechanical Engineering from University of Mysore in 1973 and embarked on the project which his father and he had initiated together - Nagarjuna Steels Limited.

The Nagarjuna Group under the stewardship and guidance of Mr. K.S. Raju is in the process of emerging as an enterprise based on values and commitment to the society at large. A noted entrepreneur, he has successfully led the Group's foray into several core industrial sectors.

Names of other Public Companies in which Mr. K. S. Raju is a Director:

S.No.	Names of the Companies
1.	Nagarjuna Fertilizer and Chemicals Limited
2.	Nagarjuna Oil Refinery Limited
3.	Nagarjuna Oil Corporation Limited
4.	Nagarjuna Corporation Limited
5.	Jaiprakash Engineering and Steel Company Limited
6.	Kanumuru Education and Knowledge Limited
7.	Bhagiradha Chemicals and Industry Limited

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 38 years of experience in various senior positions. He has worked in Larsen & Toubro Limited, ITW Signode Limited, Nagarjuna Fertilizer and Chemicals Limited and Sterlite Industries Limited. The industry Spectrum includes various manufacturing fields. His experience includes fertilizers manufacturing, copper and marketing management and general management.

Names of other Public Companies in which Mr. Vijayaraghavan is a Director: **-Nil-**

O. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:

Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal and Compliance Officer of the Company.

P. GENERAL INFORMATION:

	Date, time and venue of Annual General Meeting.	:	Wednesday, the 7 th day of August 2013 at 10 a.m. at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chamber of Commerce and Industry (FAPCCI), House No.11/6/841, Red Hills, Hyderabad-500014.
2.	Financial Calendar (Tentative)	:	
	(a) Annual General Meeting	:	7 th August, 2013
	(b) Results for the quarter ending June 30, 2013	:	7 th August, 2013
	(c) Results for the quarter ending September, 2013	:	1 st week of November, 2013
	(d) Results for the quarter ending December, 2013	:	1 st week of February, 2014
	(e) Results for the quarter ending March, 2014	:	1 st week of May, 2014
3.	Date of Book Closure (both days inclusive)	:	8 th July, 2013 to 11 th July, 2013
4.	Listing on Stock Exchange	:	The Bombay Stock Exchange (BSE), P. J. Towers, Dalal Street, Mumbai-400001.
5.	Stock Code	:	BSE: Equity - 524709
6.	Registered Office	:	The Registered Office of the Company is located at : Plot No. 12-A,"C"-Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad – 500 082. Andhra Pradesh India. Telephone No. : 33605123/24/25/26/27 Fax No.: 040-23350234 Email id: sksubudhi@nagarjunaagrichem.com
7.	Communication regarding Share Transfers and other related correspondence	:	XL Softech Systems Ltd., Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad - 500034 Andhra Pradesh, India. Tel. (040) 23545913/14/15 Fax (040) 23553214 Email: xlfiled@rediffmail.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.

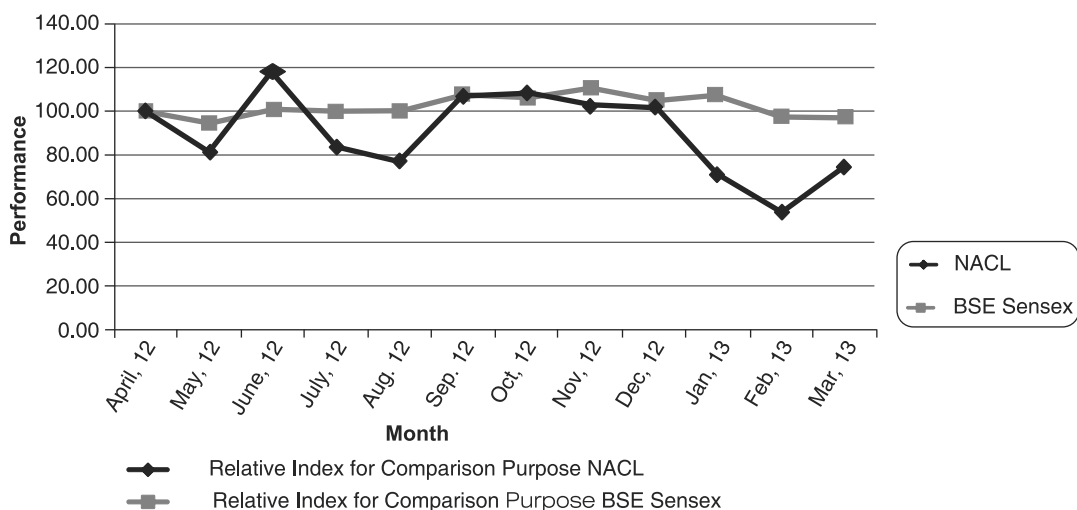
8.	Share transfer system	:	Shares lodged for physical transfer at the Registrar's address normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned Shareholders within a week from the date of approval of transfers by the Share Transfer Committee.
9.	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 - Final	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	
2009	- 2010 - Final	30	
2010	- 2011 - Interim	15	
2011	- 2012 - Final	15	

10.	Market Price Data: High-Low Quotations on The Stock Exchange, Mumbai during the year 01 st April, 2012 to 31 st March, 2013 is as follows:		
		Bombay Stock Exchange (₹)	
Month	High Price		Low Price
April, 2012	75.85		50.25
May, 2012	68.80		53.65
June, 2012	80.45		51.70
July, 2012	76.45		56.10
August, 2012	61.25		52.00
September, 20 12	90.00		51.15
October, 2012	85.30		70.10
November, 2012 (Post sub-division)	8.33		6.50
December, 2012	7.80		5.70
January, 2013	7.29		5.50
February, 2013	5.89		4.10
March, 2013	4.49		3.60

11. Performance in Comparison to BSE Sensex.

Share Price movement for the period April, 2012 to March, 2013 of the Company and BSE Sensex is given below:

Month	NACL Close Price on BSE	Close Price BSE Sensex	Relative Index for Comparison Purpose	
			NACL	BSE Sensex
April, 12	67.90	17,318.81	100	100
May, 12	55.15	16,218.53	81.22	93.65
June, 12	80.45	17,429.98	118.48	100.64
July, 12	56.55	17,236.18	83.28	99.52
Aug' 12	52.60	17,429.56	77.47	100.64
Sep' 12	72.95	18,762.74	107.44	108.34
Oct' 12	74.10	18,505.38	109.13	106.85
Nov' 12	6.95	19,339.90	102.36	111.67
Dec' 12	6.91	19,426.71	101.77	112.17
Jan' 13	5.73	19,894.98	84.39	114.87
Feb' 13	4.30	18,861.54	63.33	108.91
Mar' 13	3.95	18,835.77	58.17	108.76

**12. Share Transfer Agent:**

The Company's Registrar and Share (RTA) Transfer Agent is M/s XL Softech Systems Private Limited, which is registered with SEBI and is located at Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034 (A.P).

13. Distribution of Shareholding :

The distribution of shareholding as on 31st March, 2013

Shareholding range	Shareholders		Share Amount	
	Number	Percentage	In ₹	Percentage
001 - 5000	2028	19.47	491947	00.33
5001 - 10000	5718	54.90	5660812	03.80
10001 - 20000	888	8.53	1617654	01.09
20001 - 30000	418	4.01	1156678	00.78
30001 - 40000	196	1.88	737242	00.49
40001 - 50000	405	3.89	1983870	01.33
50001 - 100000	407	3.91	3361625	02.26
100001 & above	355	3.41	133971742	89.92
Total	10415	100.00	148981570	100.00

14.	Distribution of Shareholding as on 31 st March, 2013:		
Category		No. of Shares held	Percentage of Shareholding
A Promoter's holding		116641860	78.29
B Non-Promoters Holding			
I	Institutional Investors	-	
(a)	Mutual Funds and UTI	-	
(b)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-Govt. Institutions)-	-	-
II	Others (Foreign Institutional Investors)	-	-
(a)	Private Corporate Bodies	5221767	03.51
(b)	Indian Public	26232819	17.61
(c)	NRIs/OCBs	878700	00.59
(d)	Others (clearing members)	6424	00.02
GRAND TOTAL		14,89,81,570	100.00

15	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.	M/s. K.L.R. Products Ltd.	113623500
	2.	Mrs. K. Lakshmi Raju	3018360

16.	Dematerialization 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 is done through M/s. XL Softech Systems 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 31 st March, 2013:			
	S.No	Name of the Director	No. of Shares
	Demat	142590210	95.71
	Physical	6391360	04.29
	Total	148981570	100 .00
The Shares of the Company are fully covered under the category of Compulsory Delivery in dematerialized 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 dematerialization for both NSDL and CDSL is INE295D01020 .			

17.	Corporate Identity Number (CIN): The Corporate Identity Number ("CIN") of the Company, as allotted by Ministry of Company Affairs is L24219AP1986PLC016607 .		
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18.	Managing Director and Chief Financial Officer (CFO) Certification: The Managing Director and 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.		
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19.	The Company has not issued any GDRS/ADRS and there are No Warrants or any Convertible Instruments.
20.	Location of Plants:
	1. Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District – 532 403. 2. Nandigaon Village, Kothur Mandal, Mahaboobnagar District - 509216. 3. Ravulapalem P.O, Ethakota, East Godavari District – 533 238.
21.	R&D Center: Nandigaon Village, Kothur Mandal, Mahaboobnagar District, A.P.

For and on behalf of Board

Place : Hyderabad
Date : 18th May, 2013

Dr.Nitish K Sengupta
Chairman

Declaration Regarding Compliance by Board Members 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 of Conduct for the Financial Year ended 31st March, 2013.

Place : Hyderabad
Date : 18th May, 2013

V.Vijay Shankar
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 31st March 2013, 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 explanation given to us, and based on our reliance upon the representations made by the Directors and 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
Firm Registration Number. 00459 S

(V.RaghuNandan)
Partner
Membership No. 26255

Place : Hyderabad
Date : 18th May, 2013

INDEPENDENT AUDITORS' REPORT

To

The Members

Nagarjuna Agrichem Limited

Report on Financial Statements

We have audited the accompanying Financial Statements of Nagarjuna Agrichem Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to following notes to the financial statements:

- Note No.38 regarding claim lodged with insurers based on the provisional assessment of the loss made by the management of the fire accident in Block no. 5 of Srikakulam factory in respect of totally / partially damaged assets, inventory and other risks and treatment of the same as receivable pending final assessment and acceptance by the insurers.
- Necessary adjustments in the accounts and the final impact, if any, will be accounted on completion of final assessment and its acceptance by the insurers.

Our opinion is not qualified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No. 000459 S

Place : Hyderabad
Date : 18th May, 2013

(V.Raghunandan)
Partner
Membership No.26255

ANNEXURE TO THE AUDITORS' 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 granted unsecured loan to a party covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was ₹.288.49 Lakhs and the year end balance was ₹.288.49 Lakhs
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
- c) According to the terms and conditions of the agreement, the repayment of the principal amounts starts from two years after the disbursement of such loan and has not yet fallen due. The interest amount is in arrears since the inception of loan.
- d) In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the interest.
- 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, the transaction that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from public during the year.
- vii) During the year under report, the Internal Audit of the Company has been conducted by an external agency appointed by the management. 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.
- 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, 2013 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:

Name of the Statute	Nature of Dues	Amount (₹ . in Lakhs)	Forum where dispute is pending
Service Tax	Irregular availment of Cenvat Credit on Service Tax	3.13	Commissioner (Appeals), Visakhapatnam.
Excise Duty	Interest on differential duty paid on supplementary invoices after finalization of cost data of the goods cleared to the sister concern – April,04 to Mar,05 & April, 05 to Oct,05)	8.13	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 – April,05 to February,06	4.15	CESTAT, Bangalore.
	Irregular availment of cenvat credit on inputs(welding electrodes) for the period from January,07 to November,07	0.41	CESTAT, Bangalore

- x) The Company has no accumulated losses as at 31st March, 2013. 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 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 during the year.
- 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: 000459 S)

(V. Raghunandan)
Partner
Membership No.:26255

Place : Hyderabad
Date: 18th May, 2013

BALANCE SHEET AS AT 31st MARCH, 2013

₹ In Lakhs

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share Capital	3	1,489.82	1,489.82
Reserves and Surplus	4	17,980.31	19,246.91
		19,470.13	20,736.73
2 Non-Current Liabilities			
Long-Term Borrowings	5	3,306.90	4,575.60
Deferred Tax Liabilities (Net)	6	2,151.31	2,878.00
Other Long Term Liabilities	7	1,061.36	1,058.91
Long-Term Provisions	8	104.42	68.16
		6,623.99	8,580.67
3 Current Liabilities			
Short-Term Borrowings	9	12,144.66	15,029.75
Trade Payables	10	17,158.63	13,715.34
Other Current Liabilities	11	4,761.14	4,710.56
Short-Term Provisions	12	72.75	308.39
		34,137.18	33,764.04
TOTAL		60,231.30	63,081.44
II. ASSETS			
Non-Current Assets			
1 Fixed Assets			
Tangible Assets	13	17,050.90	19,140.38
Intangible Assets	14	163.94	25.26
Capital Work-in-Progress	15	1,512.34	1,612.04
Non-Current Investments	16	356.05	356.05
Deferred Tax Assets (Net)		-	-
Long - Term Loans and Advances	17	1,362.78	1,664.94
		20,446.00	22,798.66
2 Current Assets			
Inventories	18	17,261.44	16,420.02
Trade Receivables	19	16,643.76	19,485.96
Cash and Cash Equivalents	20	2,241.21	2,507.39
Short-Term Loans and Advances	21	1,682.00	1,824.73
Other Current Assets	22	1,956.87	44.67
		39,785.28	40,282.78
TOTAL		60,231.30	63,081.44

Significant Accounting Policies and Notes on Financial Statements 1 to 44

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

For and on behalf of the Board

V.Ragunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

₹ In Lakhs

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. Revenue from Operations			
Sales	23	70,150.00	70,808.40
Less: Excise Duty & VAT		8,706.36	6,501.90
		61,443.64	64,306.50
II. Other Income	24	784.70	386.07
III. Total Revenue (I + II)		62,228.34	64,692.57
IV. Expenses:			
Cost of Materials Consumed	25	39,127.88	41,684.40
Purchase of Stock in Trade		5,438.61	4,643.25
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	238.10	(3,034.80)
Employee Benefits Expenses	27	3,971.15	3,463.32
Finance Costs	28	3,241.63	3,323.32
Depreciation and Amortization Expenses	29	2,528.52	2,695.74
Other Expenses	30	9,675.74	10,493.12
Total Expenses		64,221.63	63,268.35
V. Profit/(Loss) Before Exceptional and Extraordinary items and Tax (III-IV)		(1,993.29)	1,424.22
VI. Exceptional Items		-	-
VII. Profit/(Loss) Before Extraordinary items and Tax (V - VI)		(1,993.29)	1,424.22
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) Before Tax (VII- VIII)		(1,993.29)	1,424.22
X Tax Expense:			
(1) Current Tax		-	285.10
(2) Deferred Tax		(726.69)	407.66
(3) Prior Year's Tax		-	0.29
XI Profit /(Loss) for the period (IX + X)		(1,266.60)	731.17
XII Earnings per Equity Share:			
(1) Basic		(0.85)	4.91
(2) Diluted		(0.85)	4.91

Significant Accounting Policies and Notes on Financial Statements 1 to 44

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

For and on behalf of the Board

V.Raghunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

₹ In Lakhs

Particulars	As at 31.03.2013		As at 31.03.2012	
	Amount	Amount	Amount	Amount
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	(1,993.29)	(1,993.29)	1,423.93	1,423.93
Extraordinary items	-	-	-	-
Adjustments for:				
Add:				
Depreciation & Amortisation Expenses	2,528.52		2,695.74	
Foreign Exchange Fluctuations-Unrealised Loss	338.77		398.74	
Loss on Sale/Discarded of Fixed Assets	3.42		9.04	
Interest	3,136.36		3,081.34	
Less:		6,007.07		6,184.86
Foreign Exchange Fluctuations-Unrealised Loss	-		-	
Profit on Sale of Assets	0.73		-	
Operating Profit before working capital changes		0.73		0.00
Adjustments for:		4,013.05		7,608.79
Less:				
Increase in Trade Receivables			5,780.18	
Increase in Inventories	841.43		1,844.99	
Increase in Other Current Assets	1,912.19			
Increase in Long Term Loans & Advances	61.83		330.48	
Decrease in Trade Payable	0.00			
Decrease in Other Current Liabilities & Short Term Provisions	166.07		521.50	
Decrease in Long Term Liabilities & Provisions			12.70	
		2,981.52		8,489.85
		1,031.52		(881.06)
Add:				
Decrease in Short Term Loans	142.73		77.35	
Decrease in Inventories	-			
Decrease in Trade Receivables	2,815.35			
Increase in Long term Liabilities & Provisions	38.71			
Increase in Trade Payable	3,244.83		4,811.73	
Cash generated from Operations		6,241.62		4,889.07
		7,273.14		4,008.01
Less:				
Taxes paid	(363.99)	(363.99)	446.61	446.61
Cash Flow Before Extraordinary Items		7,637.14		3,561.40
NET CASH FROM OPERATING ACTIVITIES		7,637.14		3,561.40

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

₹ In Lakhs

Particulars	As at 31.03.2013		As at 31.03.2012	
	Amount	Amount	Amount	Amount
CASH FLOWS FROM INVESTING ACTIVITIES				
B. Inflow:				
Sale/Retirement of Fixed Assets	1,425.53	1,425.53	9.54	9.54
Outflow:				
Investments	-		351.00	
Purchase of Fixed Assets	2,005.94		1,099.23	
Capital Work In Progress	(99.69)		953.76	
		1,906.24		2,403.99
NET CASH USED IN INVESTING ACTIVITIES		(480.72)		(2,394.44)
C. CASH FLOW FROM FINANCEING ACTIVITIES				
Proceeds from Long Term / Short Term Borrowings:				
In flow:				
Long Term Borrowings	-			
Short Term Borrowings			4,687.78	
		0.00		4,687.78
Outflow:				
Long Term Borrowings	1,209.15		2,243.80	
Short Term Borrowings	2,998.53			
Interest Paid	3,145.13		3,074.88	
Deferred Payment Liabilities	69.78		114.87	
Corporate Dividend Tax	-		36.25	
Equity Dividend	-		223.47	
		7,422.59		5,693.27
NET CASH USED IN FINANCING ACTIVITIES		(7,422.59)		(1,005.50)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS		(266.17)		161.46
(A+B+C)				
CASH AND CASH EQUIVALENTS AT THE BEGIN- NING OF THE PERIOD		2,507.39		2,345.93
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,241.22		2,507.39

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

For and on behalf of the Board

V.Ragunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

Notes on Financial Statements

Note No. 3: Share Capital

₹ In Lakhs

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
200,000,000 Equity Shares of ₹1/- each (Previous Year 20,000,000 Equity Shares of ₹10/- each)	200,000,000	2,000.00	20,000,000	2,000.00
Issued, Subscribed & Paidup				
148,981,570 Equity Shares of ₹1/- each (Previous Year 14,898,157 Equity Shares of ₹10/- each)	148,981,570	1,489.82	14,898,157	1,489.82
Total	148,981,570	1,489.82	14,898,157	1,489.82

a) Rights, Preferences and Restrictions attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹1/- per share. Each holder of Equity Shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

b) Shares in the Company held by each Share holders holding more than 5%.

₹ In Lakhs

Particulars	% of share holding"	As at 31 March 2013		% of share holding"	As at 31 March 2012	
		Number of Shares held	Amount		Number of Shares held	Amount
Share Capital						
KLR Products Limited., Holding Company	76.27	113,623,500	1,136.24	76.27	11,362,350	1,136.24

- Pursuant to the approval of the Shareholders in the last AGM held on 26th September, 2012, the face value of the Equity Shares of the Company has duly sub-divided from ₹10/- each to ₹1/- each and the same were commenced trading on Bombay Stock Exchange effective from 22nd November, 2012.

Note No. 4: Reserves & Surplus

₹ In Lakhs

Particulars		As at 31st March 2013	As at 31st March 2012
a. Capital Reserves			
Opening Balance		20.94	20.94
Transfer		-	-
Utilised		-	-
Closing Balance	Sub Total (a)	20.94	20.94
b. Securities Premium Account			
Opening Balance		247.84	247.84
Add : Securities Premium Credited on Share Issue		-	-
Less : Premium Utilised		-	-
Closing Balance	Sub Total (b)	247.84	247.84
c. General Reserves			
Opening Balance		4,175.00	4,135.00
Add: Transferred From Surplus		-	40.00
Deductions During the Year		-	-
Closing Balance	Sub Total (c)	4,175.00	4,175.00
d. Surplus			
Opening balance		14,803.13	14,371.69
Add: Net Profit/(Net Loss) For the current year		(1,266.60)	731.17
Amount Available for Appropriations		-	-
Less: Interim Dividends		-	-
Less: Final Dividends		-	259.73
Transferred to General Reserves		-	40.00
Closing Balance	Sub Total (d)	13,536.53	14,803.13
Total (a to d)		17,980.31	19,246.91

₹ In Lakhs

Note No. 5: Long - Term Borrowings		Non Current		Current	
Particulars		As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
(i) Long - Term Borrowings - Secured:					
(a) Term Loans from Banks.(Refer Note No.a to e)					
- Rupee Loan.		2,986.63	4,195.77	2209.73	2309.72
- Other parties.		-	-	-	-
Un Secured:					
(b) Deferred Payment Liabilities.(Refer Note No(f i&ii))		320.27	379.83	59.56	69.78
Total		3,306.90	4,575.60	2,269.29	2,379.50

Notes :

- The Term Loans (except term loan for Wind energy project) availed from IDBI Bank Ltd & HDFC Bank Ltd 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 IDBI Bank Ltd are further secured by a second charge on the current assets of the Company consisting of stock in trade, book debts, stores and spares.
- Term Loan availed from State Bank of India for Wind power project is secured by way of mortgage by deposit of title deeds of the project's immovable properties and by way of first charge of all project fixed assets as a primary security.
- Working Capital Term Loans availed from New India Co-operative Bank Ltd are secured by way of first charge on Company's fixed assets including other movable assets on pari passu basis.
- Working capital loans from banks are personally guaranteed by Sri K.S. Raju, a Director of the Company.
- Terms of repayments are given below:

Bank / Institution	Rate of Interest %	Balance as on 31.03.2013 ₹ In Lakhs	Number of Instalments	Frequency	Commencing from
HDFC Bank Ltd.	12.50%	202.10	12	Quarterly	Aug-10
IDBI Bank Ltd.	BBR+ 3.50	1,500.00	54	Monthly	Jan-11
State Bank of India	BASE+ 3.75	1,552.59	24	Quarterly	Sep-11
New-India Co-operative Bank Ltd.	11.00%	973.14	5	Yearly	Mar-11
New-India Co-operative Bank Ltd.	13.00%	1,011.04	4	Half Yearly	Sep-13
Total		5,238.87			

f) Deferred Payment Liabilities.

- 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 ₹1330.27 Lacs. Based on the Sales Tax Returns, the sales tax so deferred aggregates net of repayments to ₹78.21 Lacs. (Previous Year ₹147.99 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 ₹1028.55 Lacs. The Sales Tax deferred in a year is payable at the end of 14th year without interest. First payment will commence from 25.09.2013 as prescribed in the order. Since financial year 2006-07, the Company has decided not to avail the Sales Tax deferment and opted to pay the sales tax henceforth. Based on the Sales Tax Returns, the sales tax so deferred aggregates to ₹301.62 Lacs. (Previous Year ₹301.62 Lacs).

Note No. 6: Deferred Tax Liabilities (Net)

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
a) Deferred tax Liability Comprises of following:		
Fixed assets-(Depreciation)	3,149.83	3,301.10
Others	-	-
Total (a)	3,149.83	3,301.10
b) Deferred Tax Assets comprises of following:		
Disallowances as per Section 43B and Section 40(a) of the Income Tax Act, 1961	31.29	21.79
Unabsorbed Depreciation	967.23	401.31
Others		
Total (b)	998.52	423.10
Total Net (a-b)	2,151.31	2,878.00

Note No. 7: Other Long Term Liabilities

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Dealers Deposits	1,012.28	871.28
Others	-	-
Trade Payables (More than 1 Year)	49.08	187.63
Total	1,061.36	1,058.91

Note No.8: Long Term Provisions

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for Employee Benefits		
Leave Encashment (unfunded)	104.42	68.16
Total	104.42	68.16

Note No.9: Short-Term Borrowings

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Secured:		
Loans Repayable on Demand from Banks.*	12,145	15,030
Total	12,145	15,030

* 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 loans.

Note No.10: Trade Payables

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Trade Payables (Refer Note No a&b)	17,158.63	13,715.34
Total	17,158.63	13,715.34

Note:

- a) Out of the said amount ₹397.86 Lacs (Previous year ₹249.82 Lacs) pertains to Micro, Small and Medium enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company. There is no interest payable to such parties as at 31st March 2013. (March 31, 2012: ₹Nil)
- b) Dues to Micro and Small industrial undertakings, exceeding 45 days – ₹135.77 Lacs (Previous year - ₹52.69 Lacs)

Note No.11: Other Current Liabilities

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
(a) Capital Creditors	472.16	429.80
Current Maturities of Long Term Debts	2,209.73	2,309.72
Interest accrued but not due	1.27	10.05
Interest accrued and due	44.89	51.00
Un claimed Dividends (Refer Note No.a)	93.06	90.06
Advances from Customers-Domestic	1,466.93	1,152.84
Other Liabilities	413.55	597.31
Un Secured:		
(b) Deferred Payment Liabilities. (Refer Notes 4 No f i & ii)	59.56	69.78
Total	4,761.14	4,710.56

Note:

- a) The Company has been regularly transferring unclaimed dividend to the Investor Education and Protection Fund after the expiry of the prescribed period.

Note No.12: Short Term Provisions

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
(a) Provision for employee benefits		
Provident Fund	29.50	27.66
Gratuity (Funded)	40.12	18.29
Leave Encashment (unfunded)	2.13	1.49
(b) Provision for Taxes		
Income Tax	-	-
Wealth Tax	1.00	1.23
Proposed Equity Dividend	-	223.47
Corporate Dividend Tax	-	36.25
Total	72.75	308.39

Note No.13: Fixed Assets

₹ In Lakhs

Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	Balance as at 1st April 2012	Additions	Sales/ ad-justments	Balance as at 31st March 2013	As at 1st April 2012	for the year	Sales/ ad-justments	As at 31st March '2013
a Tangible Assets								
Land	722.06	-	-	722.06	-	-	-	-
Buildings	3,844.56	443.52	-	4,288.08	859.51	129.38	-	988.90
Plant and Equipment	27,649.75	966.75	2,914.21	25,702.29	12,823.32	2,255.43	1,496.25	13,582.50
Furniture and Fixtures	226.23	357.06	-	583.28	79.38	30.26	-	109.64
Vehicles	276.64	27.12	25.97	277.79	105.58	27.15	17.16	115.57
Office Equipment	166.36	20.04	0.11	186.30	37.78	16.84	0.10	54.52
Computers & Peripherals	393.78	31.92	8.76	416.93	233.43	48.61	7.33	274.71
Total	33,279.38	1,846.41	2,949.05	32,176.74	14,139.00	2,507.67	1,520.84	15,125.84
Note No.14								
b Intangible Assets								
Goodwill	121.40	-	-	121.40	121.40	-	-	121.40
SAP Upgradation Licence / Implementation Fee	95.57	159.53	-	255.10	74.69	17.42	-	92.11
Technical Knowhow	65.00	-	-	65.00	60.62	3.43	-	64.05
Total	281.97	159.53	-	441.49	256.71	20.85	-	277.56
Note No.15								
c Capital Work In Progress								
-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Total	33,561.35	2,005.94	2,949.05	32,618.23	14,395.71	2,528.52	1,520.84	15,403.40
Previous Year	32,492.08	1,099.23	30.50	33,561.35	11,711.93	2,695.74	11.97	14,395.70
**The gross block value of the totally damaged assets, as per the books of account, aggregating to ₹29.05 Crores, has been de-capitalised and included in the provisional claim receivable from the Insurance Company.								
Total	33,561.35	2,005.94	2,949.05	32,618.23	14,395.71	2,528.52	1,520.84	15,403.40
Previous Year	32,492.08	1,099.23	30.50	33,561.35	11,711.93	2,695.74	11.97	14,395.70
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Total	33,561.35	2,005.94	2,949.05	32,618.23	14,395.71	2,528.52	1,520.84	15,403.40
Previous Year	32,492.08	1,099.23	30.50	33,561.35	11,711.93	2,695.74	11.97	14,395.70
Total	33,561.35	2,005.94	2,949.05	32,618.23	14,395.71	2,528.52	1,520.84	15,403.40
Previous Year	32,492.08	1,099.23	30.50	33,561.35	11,711.93	2,695.74	11.97	14,395.70
Total	33,561.35	2,005.94	2,949.05	32,618.23	14,395.71	2,528.52	1,520.84	15,403.40
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Total	33,561.35	2,005.94	2,949.05	32,618.23	14,395.71	2,528.52	1,520.84	15,403.40
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Previous Year	32,492.08	1,099.23	30.50	33,561.35	11,711.93	2,695.74	11.97	14,395.70
Total	33,561.35	2,005.94	2,949.05	32,618.23	14,395.71	2,528.52	1,520.84	1

Note No.16: Non Current Investments

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Other Investments - Un quoted - non traded		
Investment in Equity Instruments		
- Nagarjuna Agrichem (Australia) Pty Ltd (100 Equity Shares of AU\$ 1/each, Previous year 100)	0.05	0.00
- L R Research Lab Private Limited (10,000 Equity Shares of ₹10/each, Previous year 10,000)	1.00	1.00
- Nasense Labs Pvt.Ltd.,(Formerly USP Organics Pvt Ltd) (35,00,000 Equity Shares of ₹10/each, Previous year 35,00,000)	350.00	350.05
- New India Co Operative Bank Ltd (50,000 Equity Shares of ₹10/each, Previous year 50,000)	5.00	5.00
Total	356.05	356.05
Aggregate Amount of Unquoted Investments	356.05	356.05

Note No.17: Long Term Loans and Advances

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Other Loans and Advances		
Advance Income Taxes (net of provisions)	761.66	1,125.66
Prepaid Expenses	7.72	9.92
Loans and Advances to Employees	-	-
Deposits with Government, Public Bodies and Others	4.48	2.48
Electricity and Other Deposits	199.52	143.92
Balance with Customs, Central Excise etc.,	22.72	21.84
Rental and Other Deposits	115.33	109.78
Telephone Deposit	1.35	1.34
Inter Corporate Deposits	250.00	250.00
Total	1,362.78	1,664.94

Note No.18: Inventories

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Raw Materials	5,902.44	4,717.00
Work-in Progress	1,211.47	1,140.95
Finished Goods	8,227.93	8,536.55
Stock in Trade	1,026.07	1,257.10
Packing Materials	527.86	275.09
Stores and Spares	365.67	493.33
Total	17,261.44	16,420.02

Note No.19: Trade Receivables

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Outstanding for a period more than six months	1,310.53	1,465.40
Others:	15,333.23	18,020.56
Total	16,643.76	19,485.96

Note No.20: Cash and Cash Equivalents

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
a. Cash on Hand (Refer Note No a)	11.64	6.54
b. Balances with Banks*		
-In current Accounts	2,140.55	2,022.11
-In EEFC Accounts	0.87	387.68
c. Bank Deposits with more than 12months maturity	1.00	1.00
d. Margin Money Deposits	-	-
e. Unclaimed Dividend Accounts	87.15	90.06
TOTAL:	2,241.21	2,507.39

Note:

- (a) Cash on Hand includes Cash in Transit amount of ₹Nil.
- (b) Section 205 of the Companies Act,1956 mandates that Companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). Accordingly, if dividend is unclaimed for a period of seven years, it will be transferred to Investor Education and Protection Fund (IEPF).

Note No.21: Short Term Loans and Advances

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Prepaid Expenses	127.33	71.67
Loans and Advances to Employees	2.43	13.62
Balance with Customs, Central Excise etc.,	511.37	334.71
Capital Advances	46.38	87.23
Advance to Material Suppliers and Others	584.98	951.12
Advance to Related parties	409.51	366.38
TOTAL	1,682.00	1,824.73

Note No. 22: Other Current Assets

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Interest Accrued on Deposits	84.99	42.84
Insurance Claims Receivable	1,871.88	1.83
TOTAL	1,956.87	44.67

Note No. 23: Revenue From Operation

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) Sale of Products;	68,628.10	69,120.85
(b) Other Operating Revenues;		
- Conversion charges	364.33	356.28
- Income from Operations	1,157.57	1,331.27
Less:		
Excise Duty & VAT	8,706.36	6,501.90
TOTAL :	61,443.64	64,306.50

Note No. 24: Other Income

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) Interest Income (TDS ₹4,92,882/- Previous year ₹77,210/-)	166.80	40.21
(b) Other Non-Operating Income		
- Excess Provisions Written Back	269.63	106.85
- Profit on Sale of Fixed Assets	0.74	-
Bad Debts Written off Recovered	63.35	100.99
Dividend Received from New India Co-op. Bank Ltd.	1.30	-
Others	282.88	138.02
TOTAL :	784.70	386.07

Note No. 25: Cost of Materials Consumed

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Raw-Material Consumption	35,726.97	38,991.27
Packing-Material Consumption	3,400.91	2,693.13
Total:	39,127.88	41,684.40

Note No. 26: Changes in Inventories of Finished Goods and Work-In- Progress

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Opening Work-In Progress	1,140.95	917.30
Opening Finished Goods	8,536.55	5,725.40
Total:	9,677.50	6,642.70
Closing Work-In Progress	1,211.47	1,140.95
Closing Finished Goods	8,227.93	8,536.55
Total:	9,439.40	9,677.50
Net (increase) / decrease in stock	238.10	(3,034.80)

Note No. 27: Employee benefits expenses

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Salaries, Wages and Bonus	3,502.56	3,050.94
Contribution to Provident and other Funds	194.32	181.06
Workmen and Staff Welfare Expenses	274.27	231.32
Total:	3,971.15	3,463.32

Note No. 28: Finance Costs

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) Interest Expense		
(i) Interest on Term Loans	845.18	1,095.57
(ii) Interest on Working Capital Loans	1,193.32	1,035.26
(iii) Interest - Others	739.09	560.47
(iv) Bank Charges	112.05	142.44
(v) Financial Charges	246.72	247.60
Total :	3,136.36	3,081.34
(b) Exchange Fluctuations on Foreign Currency Transactions	105.27	241.98
Total (a)+(b)	3,241.63	3,323.32

Note No. 29: Depreciation and Amortization Expenses

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(Refer Note No. 12 to 14)		
Tangible Assets	2,507.67	2,655.07
Intangible Assets	20.85	40.67
TOTAL	2,528.52	2,695.74

Note No. 30: Other Expenses

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Consumption of Stores and Spare Parts.	690.59	482.63
Repairs and Maintenance		
-Buildings.	25.77	19.15
- Plant & Machinery.	16.59	22.99
- Others	54.38	19.68
Other Manufacturing Costs	1,098.19	1,571.93
Power and Fuel.	2,071.42	3,154.86
Rent.	248.68	215.15
Rates and Taxes, excluding Taxes on Income.	43.64	59.47
Communication Expenses	92.94	86.50
Travel & Conveyance	831.20	760.01
Technical Consultancy	84.42	5.61
Legal & Professional Charges (Excl Internal & Cost Auditor)	218.38	176.47
Insurance .	108.90	88.28
Directors' Sitting Fees	5.20	5.40
Directors Expenses	10.92	11.14
Auditors' Remuneration		
- Audit Fee	15.00	10.00
- Taxation Matters	3.00	3.00
- Certification Fees	3.00	3.00
- Out of Pocket Expnses	1.60	1.50
Cost Audit Fee	3.00	3.00
S.A.P. Annual Maintenance	24.34	20.49
R&D and Product Development Expenses	59.06	30.16
Miscellaneous Expenses	506.25	441.61
Capital Work In Progress - Written off	-	-
Loss on sale / retirement of Fixed Assets	3.42	9.04
Bad Debts Written Off	229.27	109.38
Marketing Expenses	1,639.76	1,394.56
Freight Outward	1,294.46	966.66
Export and Export Related Expenses	258.40	472.73
TOTAL	9,641.78	10,144.40
DUTIES AND TAXES		
Excise Duty	6,482.49	5,112.09
Less : Adjusted to Turnover	6,448.53	4,763.37
TOTAL	33.96	348.72
TOTAL :	9,675.74	10,493.12

1. Corporate Information

NAGARJUNA AGRICHEM LTD., is a Public Limited Company listed with Bombay Stock Exchange. It is part of the the Nagarjuna Group based at Hyderabad. The Company is in the business of Crop Protection and manufactures both Technicals (Active Ingredient -AI) and Formulations. It manufactures all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. The Company's Formulation Business is mainly in the Indian Market and sells through it's large retail dealer network of nearly 13000 dealers, spread across India. The Company has an impressive range of branded Formulations. It also exports Technicals and Formulations and does Toll manufacture for various Multinational Companies.

2. Significant Accounting Policies

A. 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.

B. 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.

C. Fixed Assets:

- Fixed assets are stated at historical cost. (Net of Modvat / Cenvat Credit availed), less accumulated depreciation and impairment loss if any.
- Capital Work-in-progress is stated at amount expended upto the date of the Balance Sheet.
- 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.

D. 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.

E. Intangibles:

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

F. Long Term Investments:

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

G. Inventory:

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

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

Cost is ascertained on the "Weighted Average" basis.

H. 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 recognized as income or expense in the year in which they arise.

I. 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.

J. Revenue:

- 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.
- Sales are recognized at the point of despatch of materials to customers from plant and/or stocking points.
- Revenue from processing/ conversion services is recognized when the underlying goods are manufactured and ready for delivery i.e., on completion of service.

K. 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) Provision for Gratuity is made on the basis of an actuarial valuation at the Balance Sheet date carried out by an independent actuary. The Gratuity Fund is administered through a scheme of Life Insurance Corporation of India. 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.

L. 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.

M. Deferred Tax:

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognised and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

31. Commitments/ Contingent Liabilities

Sl.No.	Particulars	As at 31.03.2013 ₹ In Lakhs	As at 31.03.2012 ₹ In Lakhs
a.	Commitments/ Contingent Liabilities		
(i)	Letters of Credit	4119.62	6458.55
(ii)	Counter Guarantees *	451.09	222.20
b.	Claims against the Company not acknowledged as debts in respect of		
(i)	Excise Duty, Service Tax Demands – Company has appealed against orders raised the demands	27.96	24.83
(ii)	Income Tax Demands – Company has appealed against orders raised the demands. (Net of payments made under protest)	-	73.21
c.	Estimated amount of contracts, remaining to be executed on Capital account and not provided for (net of advance)	899.59	982.09
d.	Others	244.71	250.78

32.

A. Raw Material Consumed:

	UNIT	2012-13		2011-12	
		Qty	Value ₹ In Lakhs	Qty	Value ₹ In Lakhs
Raw Material *	MT/KL	29127	35726.97	35540	38991.27
TOTAL		29127	35726.97	35540	38991.27

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

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

	2012-13		2011-12	
	₹ In Lakhs	%	₹ In Lakhs	%
Imported	10398.16	29.10	17899.08	45.91
Indigenous	25328.81	70.90	21092.19	54.09
TOTAL	35726.97	100.00	38991.27	100.00

C. Value of Stores and Spares consumed:

	2012-13		2011-12	
	₹ In Lakhs	%	₹ In Lakhs	%
Indigenous	390.59	100	482.73	100

D. Value of Imports Calculated on CIF Basis

	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Raw Material	11264.12	13640.05
Capital Goods	14.29	199.04

E. Expenditure in Foreign Currency

	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Traveling Expenses	8.01	14.98
Consultancy Charges	6.09	25.96
Others including Commission	52.31	41.30

F. Earnings in Foreign Exchange

	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Export of Goods on FOB Basis	12009.29	19686.07

33. Foreign Exchange Fluctuations:

Foreign Exchange Gain / (Loss)	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
On Exports – adjusted to Export Sales	(350.76)	34.20
On Imports – adjusted to Consumption of Raw Materials	470.64	313.97
On Loans & Others shown under - Finance Cost (b) Exchange Fluctuation on Foreign Currency Transactions	105.27	241.97
Net Foreign Exchange (debited) / credited to Profit & Loss	225.15	590.14

34. Payments to Auditors:

S.No.	Particulars	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
1	Statutory Audit *	15.00	10.00
2	Tax Audit *	3.00	3.00
3	Certification *	3.00	3.23
4	Out of Pocket Expenses	1.60	1.50
	TOTAL:	22.60	17.73

* Service Tax which is being claimed for set-off as input credit has not been included in the expenditure above.

35. Expenditure on Research & Development.

Particulars	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Capital Expenditure	1245.76	12.06
Revenue Expenditure charged to the Profit and Loss	103.14	65.84
TOTAL:	1348.90	77.90

36. Borrowing Cost

Borrowing Cost incurred during the year for acquisition of assets aggregated to ₹13.05 Lakhs (Previous year ₹10.54 Lakhs)

37. In compliance with the requirement of clause 40A of the Listing Agreement to raise public shareholding of the Company to not less than 25%, the Board of Directors of the Company at a meeting held on 27th April, 2013, recommended issue of bonus shares only to public shareholders (other than Promoters) of the Company in the ratio of 3 equity shares for every 14 equity shares held by them, which is subject to the approval of the Shareholders in the ensuing EGM to be held on 22nd May, 2013.

38. The Management has made a provisional assessment of the loss in fire incident in Block 5 at Srikakulam. The Company has lodged provisional claim with the Insurance Company covering the totally damaged assets and partially damaged assets. In addition, claim is made for damaged inventories and other risks covered as per the terms of the insurance policies.

The gross block value of the totally damaged assets, as per the books of account, aggregating to ₹29.05 Crores, has been de-capitalised and included in the provisional claim receivable from the Insurance Company.

In the case of partially damaged assets, the Company has made a claim with Insurance Company. Pending completion of the repairs and final assessment, the value of the partially damaged assets continues to be included in the gross block.

The estimated value of the damaged inventories of ₹4.46 Crores is exhibited under provisional claims receivable from the Insurance Company.

The provisional claims made with the Insurance Company are under process and on completion of final assessment and its acceptance, necessary adjustments in the accounts and the financial impact if any will be accounted.

39. Related Party Transactions:**A. Names of Related Parties and Description of Relationship.**

Sl. No	Relationship	Party
1.	Subsidiary Company	Nagarjuna Agrichem (Australia) Pty Limited, Australia, LR Research Laboratories Pvt Ltd.,
2.	Holding Company	KLR Products Limited (Formerly GSR Products Limited)
3.	Associates	Indo International Fertilizers Ltd. Nagarjuna Fertilizers & Chemicals Ltd Bhagiradha Chemicals & Industries Ltd Nasense Labs Pvt.Ltd.,(Formerly USP Organics Pvt Ltd.,)
4.	Key Management Personnel (KMP)	Mr.V.Vijay Shankar, Managing Director Mrs.K Lakshmi Raju, Director (having significant influence)
5.	Relatives of Directors	Mr. K.S. Raju (Father of Mrs.K Lakshmi Raju, Director)

B. Related Party Transactions are as under:

₹ In Lakhs

Sl. No	Transaction	Holding Company		Associates		Key Management Personnel		Relatives of Directors	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	Sales (incl. Capital)	-	-	142.81	86.31	-	-	-	-
2	Purchases (including Capital)	-	-	2132.33	1434.21	-	-	-	-
3	Conversion Charges	-	-	272.01	180.00	-	-	-	-
4	Building , Equipment & Godown Rents - Expense	-	-	6.36	1.44	110.57	106.21	-	-
5	Godown Rent- Income	-	-	6.00	6.00	-	-	-	-

₹ In Lakhs

Sl. No	Transaction	Holding Company		Associates		Key Management Personnel		Relatives of Directors	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
6	Managerial Remuneration	-	-	-	-	68.55	120.44	-	-
7	Advance Payments	-	1.94	112.63	164.30	-	-	-	-
8	Bank Guarantee given	-	-	-	-	-	-	-	-
9	Credit Balances outstanding as 31 st March	-	-	-	-	-	-	-	-
10	Debit Balances outstanding as 31 st March	-	1.94	409.51	360.81	50.15	50.15	-	-

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

40. Earnings per Share : The Computation of EPS is as follows

(₹ In Lakhs)

Sl. No.	Particulars	2012-13	2011-12
a)	Profit/(Loss) After Tax (₹ In Lacs) (There are no extra ordinary items)	(1266)	732
b)	Earnings available to Equity Shareholders (₹ In Lacs)	(1266)	732
c)	Weighted average No. of Shares taken for computing EPS		
	- Basic	1,48,98,1570	1,48,98,157
	- Diluted of Par Value of ₹10/-	1,48,98,1570	1,48,98,157
d)	Earnings per Share (₹) (b/c)		
	- Basic	(0.85)	0.49
	- Diluted	(0.85)	0.49

Pursuant to the approval of the Shareholders in the last AGM held on 26th September, 2012, the face value of the Equity Shares of the Company has duly sub-divided from ₹10/- each to ₹1/- each and the same were commenced trading on Bombay Stock Exchange effective from 22nd November, 2012. Accordingly Earnings Per Share (EPS) is restated for the previous year ended 31.03.2012 also.

41. 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:

(₹ In Lakhs)

Particulars	FY 2012-13	FY 2011-12
Employer's Contribution to Provident Fund	104.14	91.80
Employer's Contribution to Pension Scheme	68.37	67.28

B. Defined Benefit Plan:

Liability for retiring gratuity as on March 31, 2013 is ₹319.33 Lacs (as on March 31, 2012 ₹269.22 Lacs) of which ₹279.21 Lacs (as on March 31, 2012 ₹249.19 Lacs) 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.

(₹ In Lakhs)

Sl.No.	Particulars	31.03.2013	31.03.2012
1	Acturial Assumptions		
	Discount Rate	8%	8%
	Salary Escalation	4%	4%
	Attrition Rate	1-3%	1-3%
	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 31/03/2012		
	Present value of obligations as at beginning of year	160.05	142.66
	Interest Cost	12.80	11.41
	Current Service Cost	32.27	31.68
	Benefits Paid	(20.31)	(19.40)
	Actuarial (gain)/ loss on obligations	22.15	(6.31)
	Present value of obligations as at end of year	206.96	160.05
3	Table showing changes in the fair value of plan assets as on 31/03/2012		
	Fair value of plan assets at beginning of year	249.19	167.84
	Expected return on plan assets	23.94	21.02
	Contributions	26.40	79.73
	Benefits Paid	(20.31)	(19.40)
	Actuarial gain/(loss) on Plan assets	-	-
	Fair value of plan assets at the end of year	279.21	249.19
4	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	249.19	167.84
	Actual return on plan assets	23.94	21.02
	Contributions	26.40	79.73
	Benefits Paid	(20.31)	(19.40)
	Fair value of plan assets at the end of year	279.21	249.19
	Funded status	72.25	89.14
	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	(22.15)	6.31
	Actuarial (gain)/ loss for the year - plan assets	-	-
	Actuarial (gain)/ loss on obligations	22.15	(6.31)
	Actuarial (gain)/ loss recognized in the year	22.15	(6.31)
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	206.96	160.05
	Fair value of plan assets as at the end of the year	279.21	249.19
	Funded status	72.25	89.14
	Net asset/(liability) recognized in balance sheet	(72.25)	(89.14)
7	Expenses Recognised in statement of Profit and Loss		
	Current Service Cost	32.27	31.68
	Interest Cost	12.80	11.41
	Expected return on plan assets	(23.94)	(21.02)
	Net Actuarial (gain)/ loss recognized in the year	22.15	(6.31)
	Past Service Cost	-	-
	Expenses recognised in statement of Profit and loss	43.28	15.77

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

42. Balance of Debtors, Loans and Advances and Creditors are subject to reconciliation and confirmation.
43. Figures of the previous year have been re-grouped/recast wherever necessary to conform to the current year's presentation/classification.
44. Figures are rounded off to the nearest thousands.

Signatures to Notes 1 to 44

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

For and on behalf of the Board

V.Raghunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

INDEPENDENT AUDITORS' REPORT

To

The Board of Directors
Nagarjuna Agrichem Limited

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Nagarjuna Agrichem Limited ("the Company") and its subsidiary LR Research Laboratories Private Limited, which comprise the consolidated balance sheet as at March 31, 2013, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to following notes to the consolidated financial statements:

- Note No.40 regarding claim lodged with insurers based on the provisional assessment of the loss made by the management of the fire accident in Block 5 of Srikakulam factory in respect of totally / partially damaged assets, inventory and other risks and treatment of the same as receivable pending final assessment and acceptance by the insurers.
- Necessary adjustments in the accounts and the final impact, if any, will be accounted on completion of final assessment and its acceptance by the insurers.

Our opinion is not qualified in respect of above matter.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No. 000459 S

Place : Hyderabad,
Date : 18th May, 2013

(V.Ragunandan)
Partner
Membership No.26255

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013

₹ In Lakhs

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share Capital	3	1,489.82	1,489.82
Reserves and Surplus	4	17,979.84	19,246.91
		19,469.66	20,736.73
2 Non-Current Liabilities			
Long-Term Borrowings	5	3,306.90	4,575.60
Deferred Tax Liabilities (Net)	6	2,151.31	2,878.00
Other Long Term Liabilities	7	1,061.36	1,058.91
Long-Term Provisions	8	104.42	68.16
		6,623.99	8,580.67
3 Current Liabilities			
Short-Term Borrowings	9	12,144.66	15,029.75
Trade Payables	10	17,158.63	13,715.29
Other Current Liabilities	11	4,761.57	4,709.56
Short-Term Provisions	12	72.75	308.39
		34,137.61	33,762.99
TOTAL		60,231.26	63,080.39
II. ASSETS			
Non-Current Assets			
1 Fixed Assets			
Tangible Assets	13	17,050.90	19,140.38
Intangible Assets	14	163.94	25.26
Capital Work-In-Progress	15	1,512.35	1,612.04
Non-Current Investments	16	355.00	355.00
Deferred Tax Assets (Net)		-	-
Long-Term Loans and Advances	17	1,362.78	1,664.94
		20,444.97	22,797.62
2 Current Assets			
Inventories	18	17,261.45	16,420.02
Trade Receivables	19	16,643.76	19,485.96
Cash and Cash Equivalents	20	2,242.21	2,507.39
Short-Term Loans and Advances	21	1,682.00	1,824.73
Other Current Assets	22	1,956.87	44.67
		39,786.29	40,282.77
TOTAL		60,231.26	63,080.39
Significant Accounting Policies and Notes on Financial Statements	1 to 47		

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

For and on behalf of the Board

V.Ragunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

₹ In Lakhs

Particulars	Note No.	For the Year ended 31st March 2013	For the Year ended 31st March 2012
I. Revenue from Operations			
Sales	23	70,150.00	70,808.40
Less: Excise Duty & VAT		8,706.36	6,501.90
		61,443.64	64,306.50
II. Other Income	24	784.70	386.07
Total Revenue (I + II)		62,228.34	64,692.57
III. Expenses:			
Cost of Materials Consumed	25	39,127.88	41,684.40
Purchase of Stock in Trade		5,438.61	4,643.25
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	238.10	(3,034.80)
Employee Benefits Expenses	27	3,971.15	3,463.32
Finance Costs	28	3,241.63	3,323.32
Depreciation and Amortization Expenses	29	2,528.52	2,695.74
Other Expenses	30	9,676.21	10,493.12
Total Expenses		64,222.10	63,268.35
IV. Profit/(Loss) Before Exceptional and Extraordinary items and Tax (III-IV)		(1,993.76)	1,424.22
V. Exceptional Items		-	-
VI. Profit/(Loss) Before Extraordinary Items and Tax (V - VI)		(1,993.76)	1,424.22
VII. Extraordinary Items		-	-
VIII. Profit/(Loss) Before Tax (VII- VIII)		(1,993.76)	1,424.22
IX Tax Expense:			
(1) Current Tax		-	285.10
(2) Deferred Tax		(726.69)	407.66
(3) Prior Year's Tax		-	0.29
X Profit /(Loss) After Tax for the period (IX + X)		(1,267.07)	731.17
XI Earnings per Equity Share:			
(1) Basic		(0.85)	0.49
(2) Diluted		(0.85)	0.49
Significant Accounting Policies and Notes on Financial Statements	1 to 47		

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

For and on behalf of the Board

V.RaghuNandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

₹ In Lakhs

Particulars	For the Year ended 31st March 2013		For the Year ended 31st March 2012	
	Amount	Amount	Amount	Amount
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS	(1,993.76)	(1,993.76)	1,423.93	1,423.93
Extraordinary Items	-	-	-	-
Adjustments for:				
Add:				
Depreciation & Amortisation Expenses	2,528.52		2,695.74	
Foreign Exchange Fluctuations-Unrealised Loss	338.77		398.74	
Loss on Sale/Discarded of Fixed Assets	3.42		9.04	
Interest	3,136.36		3,081.34	
Less:		6,007.07		6,184.86
Foreign Exchange Fluctuations-Unrealised Loss	-		-	
Profit on Sale of Assets	0.73		-	
		0.73		-
Operating Profit Before Working Capital Changes		4,012.58		7,608.79
Adjustments for:				
Less:				
Increase in Trade Receivables	-		5,780.18	
Increase in Inventories	841.43		1,844.99	
Increase in Other Current Assets	1,912.19			
Increase in Long Term Loans & Advances	61.83		330.48	
Decrease in Trade Payable	0.00			
Decrease in Other Current Liabilities & Short Term Provisions	164.65		521.50	
Decrease in Long Term Liabilities & Provisions	-		12.70	
		2,980.11		8,489.85
		1,032.47		(881.06)
Add:				
Decrease in Short Term Loans	142.73		77.35	
Decrease in Inventories	-			
Decrease in Trade Receivables	2,815.35			
Increase in Long Term Liabilities & Provisions	38.71			
Increase in Trade Payable	3,244.87		4,811.73	
Cash Generated from Operations		6,241.66		4,889.08
		7,274.13		4,008.02
Less:				
Taxes paid	(363.99)	(363.99)	446.61	446.61
Cash Flow Before Extraordinary Items		7,638.12		3,561.41
NET CASH FROM OPERATING ACTIVITIES		7,638.12		3,561.41

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

₹ In Lakhs

Particulars	For the Year ended 31st March 2013		For the Year ended 31st March 2012	
	Amount	Amount	Amount	Amount
CASH FLOW FROM INVESTING ACTIVITIES				
B. Inflow:				
Sale/Retirement of Fixed Assets	1,425.53	1,425.53	9.54	9.54
Outflow:				
Investments	-		351.00	
Purchase of Fixed Assets	2,005.93		1,099.23	
Capital Work in Progress	(99.69)		953.76	
		1,906.24		2,403.99
NET CASH USED IN INVESTING ACTIVITIES		(480.71)		(2,394.45)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term / Short Term Borrowings:				
In flow:				
Long Term Borrowings	-			
Short Term Borrowings	0.00		4,687.78	
		0.00		4,687.78
Outflow:				
Long Term Borrowings	1,209.15		2,243.80	
Short Term Borrowings	2,998.53			
Interest Paid	3,145.13		3,074.88	
Deferred Payment Liabilities	69.78		114.87	
Corporate Dividend Tax	-		36.25	
Equity Dividend	-		223.47	
		7,422.59		5,693.27
NET CASH USED IN FINANCING ACTIVITIES		(7,422.59)		(1,005.49)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVLENTS (A+B+C)		(265.18)		161.47
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,507.39		2,345.93
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,242.21		2,507.40

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

For and on behalf of the Board

V.Raghunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

Notes on Financial Statements

Note No. 3: Share Capital

₹ In Lakhs

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of Shares	Amount	Number of Shares	Amount
Authorised* 200,000,000 Equity Shares of ₹1/- each (Previous Year 20,000,000 Equity Shares of ₹10/- each)	200,000,000	2,000.00	20,000,000	2,000.00
Issued, Subscribed & Paidup* 148,981,570 Equity Shares of ₹1/- each (Previous Year 14,898,157 Equity Shares of ₹10/- each)	148,981,570	1,489.82	14,898,157	1,489.82
Total	148,981,570	1,489.82	14,898,157	1,489.82

a) Rights, Preferences and Restrictions attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Shares in the Company held by each share holders holding more than 5%

₹ In Lakhs

Particulars	% of share holding	As at 31 March 2013		% of share holding	As at 31 March 2012	
		Number of Shares held	Amount		Number of Shares held	Amount
Share Capital						
KLR Products Limited., Holding Company	76.27	113,623,500	1,136.24	76.27	11,362,350	1,136.24

* Pursuant to the approval of the Shareholders in the last AGM held on 26th September, 2012, the face value of the Equity Shares of the Company has duly sub-divided from ₹10/- each to ₹1/- each and the same were commenced trading on Bombay Stock Exchange effective from 22nd November, 2012.

Note No. 4: Reserves & Surplus

₹ In Lakhs

Particulars		As at 31st March 2013	As at 31st March 2012
a. Capital Reserve			
Opening Balance		20.94	20.94
Transfer		-	-
Utilised		-	-
Closing Balance	Sub Total (a)	20.94	20.94
b. Securities Premium Account			
Opening Balance		247.84	247.84
Add : Securities Premium Credited on Share Issue		-	-
Less : Premium Utilised		-	-
Closing Balance	Sub Total (b)	247.84	247.84
c. General Reserve			
Opening Balance		4,175.00	4,135.00
Add: Transferred From Surplus		-	40.00
Deductions During the Year		-	-
Closing Balance	Sub Total (c)	4,175.00	4,175.00
d. Surplus			
Opening balance		14,803.13	14,371.69
Add: Net Profit/(Net Loss) For the Current Year		(1,267.07)	731.17
Amount Available for Appropriations		-	-
Less: Interim Dividends		-	-
Less: Final Dividends		-	259.73
Transferred to General Reserve		-	40.00
Closing Balance	Sub Total (d)	13,536.06	14,803.13
Total (a to d)		17,979.84	19,246.91

Note No. 5: Long-Term Borrowings		Non Current		Current	
Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	
(i) Long-Term Borrowings -					
Secured:					
(a) Term Loans from Banks. (Refer Note No. a to e)					
- Rupee Loan.	2,986.63	4,195.77	2209.73	2309.72	
- Other Parties.	-	-	-	-	
Un Secured:					
(b) Deferred Payment Liabilities. (Refer Note No (f i&ii))	320.27	379.83	59.56	69.78	
Total	3,306.90	4,575.60	2269.29	2379.50	

Notes :

- a) The Term Loans (except term loan for Wind energy project) availed from IDBI Bank Ltd & HDFC Bank Ltd 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 IDBI Bank Ltd are further secured by a second charge on the current assets of the Company consisting of stock in trade, book debts, stores and spares.
- b) Term Loan availed from State Bank of India for Wind power project is secured by way of mortgage by deposit of title deeds of the project's immovable properties and by way of first charge of all project fixed assets as a primary security.
- c) Working Capital Term Loans availed from New India Co-operative Bank Ltd are secured by way of first charge on Company's fixed assets including other movable assets on pari passu basis.
- d) Working capital loans from banks are personally guaranteed by Sri K.S. Raju, a Director of the Company.

e) Terms of Repayments are given below:

Bank / Institution	Rate of Interest %	Balance as on 31.03.2013 ₹ In Lakhs	Number of Instalments	Frequency	Commencing from
HDFC Bank Ltd.	12.50%	202.10	12	Quarterly	Aug-10
IDBI Bank Ltd.	BBR+ 3.50	1,500.00	54	Monthly	Jan-11
State Bank of India	BASE+ 3.75	1,552.59	24	Quarterly	Sep-11
New-India Co-operative Bank Ltd.	11.00%	973.14	5	Yearly	Mar-11
New-India Co-operative Bank Ltd.	13.00%	1,011.04	4	Half Yearly	Sep-13
Total		5,238.87			

f) Deferred Payment Liabilities.

- i) 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 ₹1330.27 Lacs. Based on the Sales Tax Returns, the sales tax so deferred aggregates net of repayments to ₹69.78 Lacs. (Previous Year ₹147.99 Lacs). The repayment of deferred Sales Tax has commenced from July, 2004 as prescribed in the said order.
- ii) 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 ₹1028.55 Lacs. The Sales Tax deferred in a year is payable at the end of 14th year without interest. First payment will commence from 25.09.2013 as prescribed in the order. Since financial year 2006-07, the Company has decided not to avail the Sales Tax deferment and opted to pay the sales tax henceforth. Based on the Sales Tax Returns, the sales tax so deferred aggregates to ₹301.62 Lacs. (Previous Year ₹301.62 Lacs).

Note No. 6: Deferred Tax Liabilities (Net)

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
a) Deferred Tax Liability comprises of following:		
Fixed Assets - (Depreciation)	3,149.83	3,301.10
Others	-	-
Total (a)	3,149.83	3,301.10
b) Deferred Tax Assets comprises of following:		
Disallowances as per Section 43B and Section 40(a) of the Income Tax Act, 1961	34.57	22.60
Unabsorbed Depreciation	963.95	400.50
Others		
Total (b)	998.52	423.10
Total Net (a-b)	2,151.31	2,878.00

Note No. 7: Other Long Term Liabilities

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Dealers' Deposits	1,012.28	871.28
Others	-	-
Trade Payables (More than 1Year)	49.08	187.63
Total	1,061.36	1,058.91

Note No.8: Long Term Provisions

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for Employee Benefits		
Leave Encashment (unfunded)	104.42	68.16
Total	104.42	68.16

Note No.9: Short-Term Borrowings

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Secured:		
(a) Loans Repayable on Demand from Banks.*	12,144.66	15,029.75
Total	12,144.66	15,029.75

*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 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 loans.

Note No.10: Trade Payables

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Trade Payables (Refer Note No a&b)	17,158.63	13,715.29
Total	17,158.63	13,715.29

Note:

- a) Out of the said amount ₹397.86 Lacs (Previous year ₹249.82 Lacs) pertains to Micro, Small and Medium enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company. There is no interest payable to such parties as at 31st March 2013. (March 31, 2012: ₹Nil)
- b) Dues to Micro and Small industrial undertakings, exceeding 45 days ₹135.77 Lacs (Previous year ₹52.69 Lacs)

Note No.11: Other Current Liabilities

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
(a) Other Current Liabilities		
Capital Creditors	472.16	429.80
Current Maturities of Long Term Debts	2,209.73	2,309.72
Interest Accrued but not due	1.27	10.05
Interest Accrued and due	44.89	51.00
Un Claimed Dividends (Refer Note No.a)	93.06	90.06
Advances from Customers-Domestic	1,466.93	1,152.84
Other Liabilities	413.97	596.31
(b) Un Secured:		
Deferred Payment Liabilities.(Refer Notes 4 No f i & ii)	59.56	69.78
Total	4,761.57	4,709.56

Note:

- a) The Company has been regularly transferring unclaimed dividend to the Investor Education and Protection Fund after the expiry of the prescribed period. For current year the Company is yet to receive full information from some banks. Pending receipt of such information the Company is in process of reconciling the Unclaimed Dividend Account.

Note No.12: Short Term Provisions

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
(a) Provision for Employee Benefits		
Provident Fund	29.50	27.66
Gratuity (Funded)	40.12	18.29
Leave Encashment (unfunded)	2.13	1.49
(b) Provision for Taxes		
Income Tax	-	-
Wealth Tax	1.00	1.23
Proposed Equity Dividend	-	223.47
Corporate Dividend Tax	-	36.25
Total	72.75	308.39

Note No.13: Fixed Assets		₹ In Lakhs						
Particulars	Gross Block			Accumulated Depreciation/Amortisation			Net Block	
	Balance as at 01st April 2012	Additions	Sales/adjust-mtns	Balance as at 31st March 2013	As at 1st April 2012	for the year	Balance as at 31st March 2013	Balance as at 31st March 2012
a Tangible Assets								
Land	722.06	-	-	722.06	-	-	722.06	722.06
Buildings	3,844.56	443.52	-	4,288.08	859.51	129.38	3,299.18	2,985.04
Plant and Equipment **	27,649.75	966.75	2,914.21	25,702.29	12,823.32	2,255.43	12,119.79	14,826.40
Furniture and Fixtures	226.23	357.06	-	583.28	79.38	30.26	473.64	146.84
Vehicles	276.64	27.12	25.97	277.79	105.58	27.15	162.23	171.07
Office Equipment	166.36	20.04	0.11	186.30	37.78	16.84	131.78	128.59
Computers & Peripherals	393.78	31.92	8.76	416.93	233.43	48.61	142.22	160.38
Total	33,279.38	1,846.41	2,949.05	32,176.74	14,139.00	2,507.67	17,050.90	19,140.38
Note No.14								
b Intangible Assets								
Goodwill	121.40			121.40		-		
SAP Upgradation Licence / Implementation Fee	95.57	159.53		255.10	74.69	17.42	162.99	20.88
Technical Knowhow	65.00			65.00	60.62	3.43	0.95	4.38
Total	281.97	159.53	-	441.49	256.71	20.85	163.94	25.26
Note No.15								
c Capital Work In Progress								
Total	-	-	-	-	-	-	1,512.35	1,612.04
Total	33,561.35	2,005.93	2,949.05	32,618.23	14,395.71	2,528.52	18,727.19	20,777.67
Previous Year	32,492.08	1,099.23	30.50	33,561.35	11,711.93	2,695.74	20,777.68	21,438.98
** The gross block value of the totally damaged assets, as per the books of account, aggregating to Rs.29.05 Crores, has been de-capitalised and included in the provisional claim receivable from the Insurance Company.								

Note No.16: Non Current Investments

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Other Investments - Un quoted - Non Traded		
Investment in Equity Instruments		
Associate :		
- Nasense Labs Pvt.Ltd.,(Formerly USP Organics Pvt Ltd)	350.00	350.00
(35,00,000 Equity Shares of ₹10/each, Previous year 35,00,000)		
Others :		
- New India Co-Operative Bank Ltd	5.00	5.00
(50,000 Equity Shares of ₹10/each, Previous year 50,000)		
Total	355.00	355.00
Aggregate Amount of Unquoted Investments	355.00	355.00

Note No.17: Long Term Loans and Advances

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Other Loans and Advances		
Advance Income Taxes (net of provisions)	761.66	1,125.66
Prepaid Expenses	7.72	9.92
Loans and Advances to Employees	-	-
Deposits with Government, Public Bodies and Others	4.48	2.48
Electricity and Other Deposits	199.52	143.92
Balance with Customs, Central Excise etc.,	22.72	21.84
Rental and Other deposits	115.33	109.78
Telephone Deposit	1.35	1.34
Inter Corporate Deposits	250.00	250.00
TOTAL	1,362.78	1,664.94

Note No.18: Inventories

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Raw Materials	5,902.44	4,717.00
Work-In Progress	1,211.47	1,140.95
Finished Goods	8,227.93	8,536.55
stock in trade	1,026.07	1,257.10
Packing Materials	527.86	275.09
Stores and Spares	365.68	493.33
Total	17,261.45	16,420.02

Note No.19: Trade Receivables

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Outstanding for a period more than six months	1,310.53	1,465.40
Others:	15,333.23	18,020.56
Total	16,643.76	19,485.96

Note No.20: Cash and Cash Equivalents

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
a. Cash on Hand (Refer Note No a)	12.64	6.54
b. Balances with Banks*		
-In Current Accounts	2,140.55	2,022.11
-In EEFC Accounts	0.87	387.68
c. Bank Deposits with more than 12 months maturity	1.00	1.00
d. Margin Money Deposits	-	-
e. Unclaimed Dividend Accounts	87.15	90.06
TOTAL:	2,242.21	2,507.39

Note:

- (a) Cash on Hand includes Cash in Transit amount of ₹Nil
- (b) Section 205 of the Companies Act,1956 mandates that companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). Accordingly, if dividend is unclaimed for a period of seven years, it will be transferred to Investor Education and Protection Fund (IEPF).

Note No.21: Short Term Loans and Advances

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Prepaid Expenses	127.33	71.67
Loans and Advances to Employees	2.43	13.62
Balance with Customs, Central Excise etc.,	511.37	334.71
Capital Advances	46.38	87.23
Advance to Material Suppliers and Others	584.98	951.12
Advance to Related Parties	409.51	366.38
TOTAL	1,682.00	1,824.73

Note No. 22: Other Current Assets

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Interest Accrued on Deposits	84.99	42.84
Insurance Claims Receivable	1,871.88	1.83
TOTAL	1,956.87	44.67

Note No. 23: Revenue From Operation

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) Sale of Products;	68,628.10	69,120.85
(b) Other Operating Revenues;		
- Conversion Charges	364.33	356.28
- Income from Operations	1,157.57	1,331.27
Less:		
Excise Duty & VAT	8,706.36	6,501.90
TOTAL :	61,443.64	64,306.50

Note No. 24: Other Income

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) Interest Income (TDS ₹4,92,882/- Previous year ₹77,210/-)	166.80	40.21
(b) Other Non-Operating Income		
- Excess Provisions Written Back	269.63	106.85
- Profit on Sale of Fixed Assets	0.74	-
Bad Debts Written Off Recovered	63.35	100.99
Dividend Received from New India Co-Op. Bank Ltd.	1.30	-
Others	282.88	138.02
TOTAL :	784.70	386.07

Note No. 25: Cost of Materials Consumed

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Raw-Material Consumption	35,726.97	38,991.27
Packing-Material Consumption	3,400.91	2,693.13
Total:	39,127.88	41,684.40

Note No. 26: Changes in Inventories of Finished Goods and Work-In- Progress

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Opening Work-In Progress	1,140.95	917.30
Opening Finished Goods	8,536.55	5,725.40
Total:	9,677.50	6,642.70
Closing Work-In Progress	1,211.47	1,140.95
Closing Finished Goods	8,227.93	8,536.55
Total:	9,439.40	9,677.50
Net (increase) / decrease in stock	238.10	(3,034.80)

Note No. 27: Employee Benefits Expenses

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Salaries, Wages and Bonus	3,502.56	3,050.94
Contribution to Provident and Other Funds	194.32	181.06
Workmen and Staff Welfare Expenses	274.27	231.32
Total:	3,971.15	3,463.32

Note No. 28: Finance Costs

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(a) Interest Expense		
(i) Interest on Term Loans	845.18	1,095.57
(ii) Interest on Working Capital Loans	1,193.32	1,035.26
(iii) Interest - Others	739.09	560.47
(iv) Bank Charges	112.05	142.44
(v) Financial Charges	246.72	247.60
Total :	3,136.36	3,081.34
(b) Exchange Fluctuations on Foreign Currency Transactions	105.27	241.98
Total (a)+(b)	3,241.63	3,323.32

Note No. 29: Depreciation and Amortization Expense

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
(Refer Note No. 13 to15)		
Tangible Assets	2,507.67	2,655.07
Intangible Assets	20.85	40.67
TOTAL	2,528.52	2,695.74

Note No. 30: Other Expenses

₹ In Lakhs

Particulars	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Consumption of Stores and Spare Parts.	690.59	482.63
Repairs and Maintenance		
-Buildings.	25.77	19.15
- Plant & Machinery.	16.59	22.99
- Others	54.38	19.68
Other Manufacturing Costs	1,098.19	1,571.93
Power and Fuel.	2,071.42	3,154.86
Rent.	248.68	215.15
Rates and Taxes, Excluding, Taxes on Income.	43.67	59.47
Communication Expenses	92.94	86.50
Travel & Conveyance	831.20	760.01
Technical Consultancy	84.42	5.61
Legal & Professional Charges	218.38	176.47
Insurance .	108.90	88.28
Directors' Sitting Fees	5.20	5.40
Directors Expenses	10.92	11.14
Auditors' Remuneration		
- Audit Fee	15.25	10.00
- Taxation Matters	3.00	3.00
- Certification Fees	3.00	3.00
- Out of Pocket Expnses	1.60	1.50
Cost Audit Fee	3.00	3.00
S.A.P. Annual Maintenance	24.34	20.49
R&D and Product Development Expenses	59.06	30.16
Miscellaneous Expenses	506.44	441.61
Capital Work in Progress - Written off	-	-
Loss on Sale / Retirement of Fixed Assets	3.42	9.04
Bad debts Written Off	229.27	109.38
Marketing Expenses	1,639.76	1,394.56
Freight Outward	1,294.46	966.66
Export and Export Related Expenses	258.40	472.73
TOTAL	9,642.25	10,144.40
DUTIES AND TAXES		
Excise Duty	6,482.49	5,112.09
Less : Adjusted to Turnover	6,448.53	4,763.37
TOTAL	33.96	348.72
TOTAL :	9,676.21	10,493.12

1. Corporate Information

NAGARJUNA AGRICHEM LTD, is a Public Limited Company listed with Bombay Stock Exchange. It is part of the the Nagarjuna Group based at Hyderabad. The Company is in the Business of Crop Protection and manufactures both Technicals (Active Ingredient -AI) and Formulations. It manufactures all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. The Company's Formulation Business is mainly in the Indian Market and sells through its large retail dealer network of nearly 13000 dealers, spread across India. The Company has an impressive range of branded formulations. It also exports Technicals and Formulations and does Toll Manufacture for various Multinational Companies.

2. Significant Accounting Policies

A. 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.

B. 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.

C. Fixed Assets:

- Fixed assets are stated at historical cost. (Net of Modvat / Cenvat Credit availed), less accumulated depreciation and impairment loss if any.
- Capital Work-in-progress is stated at amount expended upto the date of the Balance Sheet.
- 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.

D. 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.

E. Intangibles:

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

F. Long Term Investments:

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

G. Inventory:

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

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

Cost is ascertained on the "Weighted Average" basis.

H. 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 recognized as income or expense in the year in which they arise.

I. 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.

J. Revenue:

- 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.
- Sales are recognized 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.

K. 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) Provision for Gratuity is made on the basis of an actuarial valuation at the Balance Sheet date carried out by an independent actuary. The Gratuity Fund is administered through a scheme of Life Insurance Corporation of India. 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.

L. 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.

M. Deferred Tax:

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred tax assets are recognised and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

31. Commitments/ Contingent Liabilities

₹ In Lakhs

S.NO	Particulars	As at 31.03.2013	As at 31.03.2012
a.	Commitments/ Contingent Liabilities		
(i)	Letters of Credit	4119.62	6458.55
(ii)	Counter Guarantees *	451.09	222.20
b. Claims against the Company not acknowledged as debts in respect of			
(i)	Excise Duty, Service Tax Demands – Company has appealed against orders raised the demands	27.96	24.83
(ii)	Income Tax Demands – Company has appealed against orders raised the demands. (Net of payments made under protest)	-	73.21
c.	Estimated amount of contracts, remaining to be executed on Capital account and not provided for (net of advance)	899.59	982.09
d.	Others	244.71	250.78

32. The Company has prepared consolidated financial statements by incorporating the financial statements of its wholly owned subsidiary L.R. Research Laboratories Pvt. Ltd. with its financial statements on line by line basis.

There are no operations in the wholly owned subsidiary namely Nagarjuna Agrichem (Australia) Pty. Ltd and hence, there is no consolidation of Statement of Profit and Loss in respect of the same.

The financial statements of the Associate Company namely Nasense Labs Pvt. Ltd. (formerly USP Organics Pvt. Ltd.) have not been consolidated under equity method as per Accounting Standard-23 since the Company has no significant influence. The long term investment in the said Company has been disclosed at cost as per Accounting Standard-13.

33. **Statement pursuant to Section 212 of the Companies Act, 1956 to Subsidiary Companies**

(₹ In Lakhs)

S.No	Particulars of the Subsidiary	Name of the Subsidiary	
		LR Research Laboratories Pvt Ltd	Nagarjuna Agrichem (Australia) Pty Limited
1	Financial Period of the Subsidiary	01.04.2012 to 31.03.2013	01.04.2012 to 31.03.2013
2	shares of the Subsidiary held by the Company on the above date		
	(a) Number of shares	10000	100
	(b) Face value	Equity shares of ₹.10/-each 100%	Equity shares of AU\$ 1/ each 100%
3	Net Aggregate Amount of Profit (Losses) of the Subsidiary for the above financial period of the subsidiary so far as they concern members of the Company:		
	(a) dealt with in the accounts of the Company for the period ended 31st March, 2013 (Previous year :31st March, 2012)	(0.47)	-
	(b) not dealt with in the accounts of the Company for the period ended 31st March, 2013 (Previous year :31st March, 2012)	NIL	NIL
4	Net Aggregate Amount of Profit (Losses) of the Subsidiary since it became a subsidiary so far as they concern members of the Company:		
	(a) dealt with in the accounts of the Company for the period ended 31st March, 2013 (Previous year :31st March, 2012)	(0.47)	-
	(b) not dealt with in the accounts of the Company for the period ended 31st March, 2013 (Previous year :31st March, 2012)	NIL	NIL

34. The details of subsidiaries in terms of General circular No.2/2011 dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under section 212(8) of the Companies Act, 1956 is as under:

(₹ In Lakhs)

S.No	Particulars of the Subsidiary	Name of the Subsidiary	
		LR Research Laboratoeis Pvt Ltd	Nagarjuna Agrichem (Australia) Pty Limited
1	Share Capital	1.00	0.05
2	Reserves and Surplus	(0.47)	-
3	Total Assests	1.00	0.05
4	Total Liabilities	1.00	0.05
5	Details of Investments	-	-
6	Turnover and Other Income	-	-
7	Profit /(Loss) Before Taxation	(0.47)	-
8	Provision for Taxation	-	-
9	Profit /(Loss) After Taxation	(0.47)	-
10	Proposed Dividend	-	-

35. A. Raw Material Consumed:

	UNIT	2012-13		2011-12	
		Qty	Value ₹ In Lakhs	Qty	Value ₹ In Lakhs
Raw Material *	MT/KL	29127	35726.97	35540	38991.27
TOTAL		29127	35726.97	35540	38991.27

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

- B. Value of Raw Material Consumed (Imported & Indigenous)

	2012-13		2011-12	
	₹ In Lakhs	%	₹ In Lakhs	%
Imported	10398.16	29.10	17899.08	45.91
Indigenous	25328.81	70.90	21092.19	54.09
TOTAL	35726.97	100.00	38991.27	100.00

- C. Value of Stores and Spares Consumed:

	2012-13		2011-12	
	₹ In Lakhs	%	₹ In Lakhs	%
Indigenous	390.59	100	482.73	100

- D. Value of Imports Calculated on CIF Basis

	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Raw Material	11264.12	13640.05
Capital Goods	14.29	199.04

- E. Expenditure in Foreign Currency

	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Traveling Expenses	8.01	14.98
Consultancy Charges	6.09	25.96
Others including Commission	52.31	41.30

- F. Earnings in Foreign Exchange

	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Export of Goods on FOB Basis	12009.29	19686.07

36. Foreign Exchange Fluctuations:

Foreign Exchange Gain/ (Loss)	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
On Exports – Adjusted to Export Sales	(350.76)	34.20
On Imports – Adjusted to Consumption of Raw materials	470.64	313.97
On Loans & Others shown under - Finance Cost (b) Exchange Fluctuation on Foreign Currency Transactions	105.27	241.97
Net Foreign Exchange (Debited)/ Credited to Profit & Loss	225.15	590.14

37. Payments to Auditors:

S.No.	Particulars	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
1	Statutory Audit *	15.25	10.00
2	Tax Audit *	3.00	3.00
3	Certification *	3.00	3.23
4	Out of Pocket Expenses	1.60	1.50
	TOTAL:	22.85	17.73

* Service Tax which is being claimed for set-off as input credit has not been included in the expenditure above.

38. Expenditure on Research & Development.

Particulars	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Capital Expenditure	1245.76	12.06
Revenue Expenditure Charged to the Profit and Loss	103.14	65.84
TOTAL:	1348.90	77.90

39. Borrowing Cost

Borrowing Cost incurred during the year for acquisition of assets aggregated to ₹13.05 Lakhs (Previous year ₹10.54 Lakhs)

- 40.** The Management has made a provisional assessment of the loss in fire incident in Block 5 at Srikakulam. The Company has lodged provisional claim with the Insurance Company covering the totally damaged assets and partially damaged assets. In addition, claim is made for damaged inventories and other risks covered as per the terms of the insurance policies.

The gross block value of the totally damaged assets, as per the books of account, aggregating to ₹29.05 Crores, has been de-capitalised and included in the provisional claim receivable from the Insurance Company.

In the case of partially damaged assets, the Company has made a claim with Insurance Company. Pending completion of the repairs and final assessment, the value of the partially damaged assets continues to be included in the gross block.

The estimated value of the damaged inventories of ₹4.46 Crores is exhibited under provisional claims receivable from the Insurance Company.

The provisional claims made with the Insurance Company are under process and on completion of final assessment and its acceptance, necessary adjustments in the accounts and the financial impact if any will be accounted.

- 41.** In compliance with the requirement of clause 40A of the Listing Agreement to raise public shareholding of the Company to not less than 25%, the Board of Directors of the Company at a meeting held on 27th April, 2013, recommended issue of bonus shares only to public shareholders (other than Promoters) of the Company in the ratio of 3 equity shares for every 14 equity shares held by them, which is subject to the approval of the Shareholders in the ensuing Extraordinary General Meeting to be held on 22nd May, 2013.

42. Related Party Transactions:**A. Names of Related Parties and Description of Relationship.**

Sl. No	Relationship	Party
1.	Subsidiary Company	Nagarjuna Agrichem (Australia) Pty Limited, Australia, LR Research Laboratories Pvt Ltd.,
2.	Holding Company	KLR Products Limited (Formerly GSR Products Limited)
3.	Associates	Indo International Fertilizers Ltd. Nagarjuna Fertilizers & Chemicals Ltd Bhagiradha Chemicals & Industries Ltd Nasense Labs Pvt.Ltd., (Formerly USP Organics Pvt Ltd.,)
4.	Key Management Personnel (KMP)	Mr.V.Vijay Shankar, Managing Director Mrs.K Lakshmi Raju, Director (having significant influence)
5.	Relatives of Directors	Mr K.S. Raju (Father of Mrs.K Lakshmi Raju, Director)

B. Related Party Transactions are as under:

Sl No	Transaction	Holding Company		Associates		Key Management Personnel		Relatives of Directors	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	Sales (incl. Capital)	-	-	142.81	86.31	-	-	-	-
2	Purchases (including Capital)	-	-	2132.33	1434.21	-	-	-	-
3	Conversion Charges	-	-	272.01	180.00	-	-	-	-
4	Building, Equipment & Godown Rents -Expense	-	-	6.36	1.44	110.57	106.21	-	-
5	Godown Rent-Income	-	-	6.00	6.00	-	-	-	-
6	Managerial Remuneration	-	-	-	-	68.55	120.44	-	-
7	Advance Payments	-	1.94	112.63	164.30	-	-	-	-
8	Bank Guarantee Given	-	-	-	-	-	-	-	-
9	Credit Balances outstanding as 31 st March	-	-	-	-	-	-	-	-
10	Debit Balances outstanding as 31 st March	-	1.94	409.51	360.81	50.15	50.15	-	-

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

43. Earnings per Share : The computation of EPS is as follows

(₹ In Lakhs)

Sl. No.	Particulars	2012-13	2011-12
a)	Profit/(Loss) After Tax (₹ In Lakhs) (There are no extra ordinary items)	(1266)	732
b)	Earnings available to Equity Shareholders (₹ In Lakhs)	(1266)	732
c)	Weighted average No. of Shares taken for computing EPS		
	- Basic	1,48,98,1570	1,48,98,157
	- Diluted of par value of ₹10/-	1,48,98,1570	1,48,98,157
d)	Earnings per Share (₹) (b/c)		
	- Basic	(0.85)	0.49
	- Diluted	(0.85)	0.49

Pursuant to the approval of the Shareholders in the last AGM held on 26th September, 2012, the face value of the Equity Shares of the Company has duly sub-divided from ₹10/- each to ₹1/- each and the same were commenced trading on Bombay Stock Exchange effective from 22nd November, 2012. Accordingly Earnings Per Share (EPS) is restated for the previous year ended 31.03.2012 also.

44. 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:

(₹ In Lakhs)

Particulars	FY 2012-13	FY 2011-12
Employer's Contribution to Provident Fund	104.14	91.80
Employer's Contribution to Pension Scheme	68.37	67.28

B. Defined Benefit Plan:

Liability for retiring gratuity as on March 31, 2013 is ₹319.33 Lacs (as on March 31, 2012 – ₹269.22 Lacs) of which ₹279.21 Lacs (as on March 31, 2012 – ₹249.19 Lacs) 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.

(₹ In Lakhs)

Sl.No.	Particulars	31.03.2013	31.03.2012
1.	Acturial Assumptions		
	Discount Rate	8%	8%
	Salary Escalation	4%	4%
	Attrition Rate	1-3%	1-3%
	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 31.03.2012		
	Present Value of Obligations as at Beginning of Year	160.05	142.66
	Interest Cost	12.80	11.41
	Current Service Cost	32.27	31.68
	Benefits Paid	(20.31)	(19.40)
	Actuarial (Gain) / Loss on Obligations	22.15	(6.31)
	Present value of Obligations as at End of Year	206.96	160.05
3.	Table showing changes in the Fair Value of Plan Assets as on 31.03.2012		
	Fair value of Plan Assets at Beginning of Year	249.19	167.84
	Expected return on plan assets	23.94	21.02
	Contributions	26.40	79.73
	Benefits Paid	(20.31)	(19.40)
	Actuarial gain/(loss) on Plan assets	-	-
	Fair value of Plan Assets at the End of Year	279.21	249.19
4.	Table showing Fair Value of Plan Assets		
	Fair value of Plan Assets at Beginning of Year	249.19	167.84
	Actual return on Plan Assets	23.94	21.02
	Contributions	26.40	79.73
	Benefits Paid	(20.31)	(19.40)
	Fair Value of Plan Assets at the End of Year	279.21	249.19
	Funded Status	72.25	89.14
	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	(22.15)	6.31
	Actuarial (Gain)/ Loss for the year - Plan Assets	-	-
	Actuarial (Gain)/ Loss on Obligations	22.15	(6.31)
	Actuarial (Gain)/ Loss Recognized in the Year	22.15	(6.31)

Sl.No.	Particulars	31.03.2013	31.03.2012
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 the Year	206.96	160.05
	Fair Value of Plan Assets as at the End of the Year	279.21	249.19
	Funded Status	72.25	89.14
	Net Asset / (Liability) Recognized in Balance Sheet	(72.25)	(89.14)
7	Expenses Recognised in Statement of Profit and Loss		
	Current Service Cost	32.27	31.68
	Interest Cost	12.80	11.41
	Expected Return on Plan Assets	(23.94)	(21.02)
	Net Actuarial (Gain)/ Loss Recognized in the Year	22.15	(6.31)
	Past Service Cost	-	-
	Expenses Recognised in Statement of Profit and Loss	43.28	15.77

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

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

Signatures to Notes 1 to 47

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

For and on behalf of the Board

V.Raghunandan
Partner

K.S.Raju
Director

V.Vijay Shankar
Managing Director

Place : Hyderabad
Date : 18th May, 2013

R.K.S. Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary & Head-Legal

Nagarjuna Agrichem Limited
ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM
(Members authorization to receive Dividend through ECS machanism)

1.	Name of the First /Sole Shareholder	
2.	Regd.Folio No/DP ID No. and Client ID No.	
3.	Particulars of Bank Account of First / Sole Shareholder:	
	(a) Name of the Bank	
	(b) Name of the Branch	
	(c) Branch Code	
	(d) Address of the Bank	
	(e) Telephone No.of the Branch	
	(f) 9-Digit Code Number of the Bank and Branch as appearing on the MICR Cheque	
	(g) Account Number (as appearing on the Cheque Book /Pass Book)	
	(h) Account Type (S.B. Account/ Current or Cash Credit)	
	(i) Ledger No./ Ledger Folio No.	
	(j) Effective Date of this Mandate	

I hereby declare that the Particulars / Details given above are correct and complete. If the Transaction is delayed or not effected at all for reasons of incomplete or incorrect information supplied as above, the Company / XL Softech Systems Ltd (RTA) will not be held responsible. I agree to discharge the responsibility expected of me as a participant under the Scheme. I further undertake to inform the Company any change in my Bank/ Branch and Account Number.

Place: _____

Dated: _____

(Signature of First/ Sole Shareholder)

- 1) Please attach a Blank Cancelled Cheque or Photocopy of a Cheque. Alternatively, these particulars may be attested by the Bank Manager.
- 2) In case of more than one Regd.Folio/Demat Account, please complete the details separately for each such Folio / Demat Account.
- 3) The information provided would be utilised only for the purpose of effecting dividend payments meant for you. You also have the right to withdraw from this mode of payment by providing the Company with an advance Notice of one month.
- 4) Members of the Company holding the Shares in Dematerialized Form are requested to inform to their respective Depository Participant with regard to the following:
 - (i) Changes in particulars of Bank Mandate/ Address/PAN
 - (ii) Correction in Name.

These changes as updated by the respective depository participants are automatically registered with the NSDL/CDSL from whom the Company obtains data of its members.
- 5) Please send the duly filled in mandate Form to:
 - (i) the Depository Participant who is maintaining your Demat Account in case you hold Shares in Dematerialized Form.
 - (ii) the Company, at the Registered Office: Plot no.12-A, "C" Block, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad-500082. (A.P) INDIA.

E-COMMUNICATION REGISTRATION FORM

(In terms of Circular no. 17/2011 Dated 21.04.2011 Issued by the Ministry of Corporate Affairs)

To

The Company Secretary & Head-Legal,

Nagarjuna Agrichem Limited,

Regd. Office: Plot no.12-A, "C" Block, No.8-2-248/1/7/78, Nagarjuna Hills,

Panjagutta, Hyderabad-500082. (A.P) INDIA.

Dear Sir,

Sub: Registration of E-mail

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder:

Name of Joint Holder(s) :

Registered Address :

E-mail ID (to be registered):

I/We Shareholder(s) of Nagarjuna Agrichem Limited agree to receive communication from the Company in Electronic Mode.

Please register my above e-mail id in your records for sending communication through E-mail.

Place: _____

Dated: _____

Signature :

- On registration of e-mail, all the communications, including the Annual Reports, will be sent to the said registered mail.
- Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail.



NAGARJUNA AGRICHEM LIMITED

Regd.Office :Plot No12-A"C" Block, Lakshmi Towers,
Nagarjuna Hills, Punjagutta, Hyderabad-500 082, A.P.

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 by record my presence at the 26th Annual General Meeting of the Company held at 10 a.m on Wednesday, the 7th August, 2013 at M/s Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, PB No.14, Red Hills, Hyderabad - 500 004

REGD. FOLIO NO/ CLIENT ID

NO.OF SHARES

Name of the Share Holder (In block letters)

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



NAGARJUNA AGRICHEM LIMITED

Regd.Office :Plot No12-A"C" Block, Lakshmi Towers,
Nagarjuna Hills, Punjagutta, Hyderabad-500 082, A.P.

REGD. FOLIO NO/ CLIENT ID

NO.OF SHARES

PROXY FORM

I / We _____
_____being a Member / Members of Nagarjuna Agrichem Limited, hereby
appoint _____ of _____

as my/our Proxy to attend and vote for me / us and on my/ our behalf at the 26th Annual General Meeting of the Company to be held at 10 a.m on Wednesday, the 7th August, 2013 at M/s Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841,PH No.14, Red Hills, Hyderabad -500 004 at and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Signed by the said _____

(affix
₹1/-
Revenue
stamp)

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.



Product demonstration in the field



NACL Chariot for Product Promotion



Shandy Counter for Product Promotion



Farmers Meet

**BOOK - POST
PRINTED MATTER**

Nagarjuna - Pride of the Indian Farmer



NAGARJUNA AGRICHEM LIMITED

Plot No. 12-A, 'C'-Block, Lakshmi Towers,
No. 8-2-248-1-7-78,
Nagarjuna Hills, Punjagutta,
Hyderabad-500 082 (A.P)

