

WORLD-CLASS PESTICIDES FROM NAGARJUNA



BOARD OF DIRECTORS

DR. NITISH K. SEN GUPTA

Chairman

SUKHENDU RAY

Director

P. K. MALLIK

Director

K. S. RAJU

Director

D. RANGA RAJU

Director

R. S. NANDA

Director

SUDHAKAR KUDVA

Director

K. RAHUL RAJU

Director

K. LAKSHMI RAJU

Director

N. VIJAYARAGHAVAN

Whole-Time Director

C. M. ASHOK MUNI

Director & Chief Operating Officer (COO)

R. K. S. PRASAD

Chief Financial Officer

A. S. PARDHA SARADHI

Company Secretary

22ND ANNUAL GENERAL MEETING

Day : Thursday
Date : 30th July, 2009
Time : 10.00 am
Venue : KLN Prasad Auditorium
Federation of Andhra Pradesh
Chambers of Commerce
and Industry,
Federation House,
11-6-841, Red Hills,
Hyderabad - 500 004.

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C O N T E N T S

Registered Office:

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

Factories:

Arinama Akkivalasa
Etcherla Mandal
Srikakulam
Andhra Pradesh

Shadnagar

Nandigaon Village
Kothur Mandal, Mahaboobnagar,
Andhra Pradesh

Ethakota P.O.,

Ravalapalem, East Godavari,
Andhra Pradesh

Auditors:

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

Bankers:

State Bank of India
HDFC Bank Limited
ICICI Bank Limited
Punjab National Bank
IDBI Bank Limited

Share Transfer Agents:

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

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of Nagarjuna Agrichem Limited will be held at 10.00 am on Thursday, 30th July, 2009 at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P.B. No. 14, Red Hills, Hyderabad – 500 004 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2009, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on the Equity Shares.
3. To appoint a Director in the place of Mr. K. S. Raju who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. P. K. Mallik who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in the place of Mrs. K. Lakshmi Raju who retires by rotation and is eligible for re-appointment.
6. To appoint M/s. M. Bhaskara Rao & Co., Chartered Accountants, the retiring Auditors as Statutory Auditors for 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

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

“RESOLVED THAT Mr. R. S. Nanda who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16th September, 2008 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 (“the Act”) and Article 129 of the Articles of Association of the Company, but who is eligible for appointment in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

“RESOLVED THAT Mr. Sudhakar Kudva who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16th September, 2008 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 (“the Act”) and Article 129 of the Articles of Association of the Company, but who is eligible for appointment in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

“RESOLVED THAT Mr. N. Vijayaraghavan who was appointed as an Additional Director at

the meeting of the Board of Directors of the Company held on 16th September, 2008 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 ("the Act") and Article 129 of the Articles of Association of the Company, but who is eligible for appointment in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 approval of the Company be and is hereby accorded for the appointment of Mr. N. Vijayaraghavan as Whole Time Director of the Company for a period of One year with effect from 24th October, 2008 on the terms and conditions including remuneration as set out below:

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

- i. Basic Salary: Rs.90,000/- per month.
- ii. Perquisites:
 - a. The Company will pay a fixed sum of

Rs.25,000/- per month by way of House Rent Allowance.

- b. The Company will pay a sum of Rs.30,000/- per month as Conveyance Allowance.
- c. The Company will pay a Special Allowance of Rs.35,865/- per month.
- d. Apart from the above perquisites the Company will contribute towards Provident Fund to the extent of 12% of his basic salary and will be eligible to receive medical reimbursement of Rs.25,000/- per annum and Leave Travel Concession of Rs.75,000/- per annum.

iii. In the event of loss or inadequacy of profits in any financial year, the Whole time Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 or within such ceilings as may be prescribed under Schedule XIII from time to time or the Companies Act, 1956 and as may be amended from time to time.

iv. The Whole time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

v. The appointment of one year may be determined by either party by giving one months' notice in writing to the other party."

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

“RESOLVED THAT Mr. C. M. Ashok Muni who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 28th January, 2009 and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ('the Act') and Article 129 of the Articles of Association of the Company but who is eligible for appointment.

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), the Company hereby approves of the appointment and terms of remuneration of Mr. C. M. Ashok Muni as the Director and Chief Operating Officer (COO) of the Company with effect from 3rd November, 2008 upto 2nd November, 2013 upon the terms and conditions as set out below and in the Explanatory Statement annexed to the Notice conveying this meeting, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Ashok Muni.

In accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 as in force the particulars of the remuneration to be paid and perquisites to be provided to Mr. C. M. Ashok Muni are as mentioned:

Salary

Component	Amount in Rs. Per Month
Basic Salary	2,00,000
Special Allowance	38,000
Reimbursable Expenses	75,000
Total	3,13,000

Perquisites:

House Rent Allowance- Rs.80,000/- p.m.

Provident Fund

Contribution of 12% of Basic salary towards Provident Fund. The Company will also contribute 12% of salary towards Provident Fund as per existing law.

Superannuation Scheme

As and when the Company implements a Superannuation Scheme the scheme will be made applicable.

Car

Company will provide a Chauffeur driven car fully maintained by the Company.

Leave Travel Assistance

Leave Travel Assistance of Rs.2,00,000/- per annum, on a calendar year basis. This will be paid at the time of annual leave and subject to the LTA Rules of the Company.

Performance Pay

Performance pay of Rs.14,00,000/- per annum at the end of every completed year of service subject to the appraisal of performance by the Board of Directors of the Company during the period of employment with the Company.

Mediclaime

Mediclaime coverage shall be provided to Mr. C. M. Ashok Muni and his spouse, children and dependent parents as per the rules of the company.

Gratuity

Payment of Gratuity as per the payment of Gratuity Act.

GPAP

Coverage under Group Personal Accident Policy.

Leave

Leave as per the rules of the Company.

The terms and conditions of his appointment including remuneration payable to him as set out in the resolution herein may be altered and varied from time to time by the Remuneration Committee/ Board of Directors of the company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, (including any statutory modifications or re-enactments thereof, for the time being in force), or any amendments made thereto.

The terms of appointment between the Company and Mr. C. M. Ashok Muni shall carry a condition that it may be terminated by either party by giving to the other party three months' notice in writing. An Agreement shall be entered into between Mr. C. M. Ashok Muni and the Company covering all the aspects as spelt out in this resolution and it shall be binding on both the parties.

RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded to the payment of minimum remuneration comprising

salary and perquisites to Mr. C. M. Ashok Muni in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment, not exceeding the relevant ceiling limits specified under Section II of Part-II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, during the tenure of Mr. C. M. Ashok Muni's appointment, the Board of Directors be and is hereby authorised to vary or increase the remuneration, payable to Mr. C. M. Ashok Muni, for such remaining period of his tenure, including salary, perquisites, allowances etc., within such prescribed limit or ceiling and the agreement entered into, if any, between the Company and Mr. C.M.Ashok Muni shall be suitably amended to give effect to such modification, relaxation or variation without any further reference to or approval by the Company in general meeting."

Date : 28th April, 2009

Place : Hyderabad

By Order of the Board
A. S. Pardha Saradhi
Company Secretary

NOTES

1. The explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of the business under item nos. 7, 8, 9, 10, 11 and 12 above is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such a proxy need not be a member of the company. Proxies (in the annexed form) and power of attorneys, in order to be effective must be received at the registered office of the company not later than 10.00 a.m on the 28th July, 2009.
3. Members holding shares in physical and electronic form are requested to inform immediately the change, if any, in their address to M/s. Bigshare Services Pvt. Ltd, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 500 082.
4. The Register of Members and Share Transfer Books will remain closed from Friday, 24th July, 2009 to Thursday, 30th July, 2009 (both days inclusive).
5. The Dividend, if declared, will be paid to the members entitled thereto, whose names appear in the Registers of the Company as on 24th July, 2009.
6. Members are advised to avail nomination facility as per the amended provisions of Companies Act, 1956, for which nomination forms are available with the Registrars.
7. Consequent upon amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
8. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
9. All communication relating to shares are to be addressed to the Company's Transfer Agents, M/s. Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad – 500 082.
10. The company has paid the Listing Fees for the year 2009-2010 to The Stock Exchange, Mumbai where the shares of the Company are listed.
11. Re-appointment of Directors:
At the ensuing Annual General Meeting; Mr. K. S. Raju, Mr. P. K. Mallik and Mrs. K. Lakshmi Raju retire by rotation and being eligible offer themselves for re appointment. Mr. R. S. Nanda, Mr. Sudhakar Kudva, Mr. N. Vijayaraghavan and Mr. C. M. Ashok Muni have been appointed as Additional Director/s, Whole-time Directors during the year under review by the Board of Directors of the Company. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange are furnished in the statement on Corporate Governance published in this Annual Report.

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

Item No. 7

Mr. R. S. Nanda was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 16th September, 2008. Pursuant to Section 260 of the Companies Act 1956, Mr. R. S. Nanda will hold office of Director only up to the date of this Annual General Meeting. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. R. S. Nanda for the office of the director of the Company under the provisions of the Companies Act, 1956. Accordingly, the Board recommends the resolution set out in Item No.7 of the Notice for approval of the members.

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

Memorandum of Interest of Directors

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

Item No. 8

Mr. Sudhakar Kudva was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 16th September, 2008. Pursuant to Section 260 of the Companies Act 1956, Mr. Sudhakar Kudva will hold office of Director only up to the date of this Annual General Meeting. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. Sudhakar Kudva for the office of the director of the Company under the provisions of the Companies Act, 1956. Accordingly, the Board recommends the resolution set out in Item No.8 of the Notice for approval of the members.

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

Memorandum of Interest of Directors

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

Item No. 9 and 10

Mr. N. Vijayaraghavan was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 16th September, 2008. Pursuant to Section 260 of the Companies Act 1956, Mr. N. Vijayaraghavan will hold office of Director only up to the date of this Annual General Meeting and is eligible for re-appointment. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. N. Vijayaraghavan for the

office of the director of the Company under the provisions of the Companies Act, 1956.

The Board of Directors at their meeting held on 24th October, 2008, subject to the approval of the Members and the Central Government, if necessary, appointed Mr. N. Vijayaraghavan as an Whole-time Director of the Company, with immediate effect. Mr. Vijayaraghavan who joined the Company as whole-time Director of the Company on 24th October, 2008 is a B.Tech (Metallurgy) from IIT, Chennai and holds a Post Graduate Diploma in Business Management from IIM, Ahmedabad. He has over 35 years of experience in various senior positions. He has worked in Larsen & Toubro Limited, ITW Signode Limited, Nagarjuna Fertilisers and Chemicals Limited and Sterlite Industries Limited. The industry spectrum of his experience includes various manufacturing fields. His experience includes fertilizer manufacturing and marketing management & General Management.

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

Date of Birth	22nd July, 1949
Qualifications	B.Tech – Metallurgy (IIT Madras), PGDM, IIM, Ahmedabad
Experience and expertise in specific functional area	Over 35 years of exp. in various senior positions
Relationship with other Directors of the Company	None
Current Shareholding in Nagarjuna Agrichem Ltd.	None
Directorships held in other Indian Public Limited Companies	None
Membership/Chairmanship of Committees in Indian Public Limited Companies	None

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

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Act, the approval of the members in General Meeting is required to be obtained for the appointment and the terms of remuneration of Mr. Vijayaraghavan as the Whole-time Director and as set out in Item No.10 of the Notice.

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

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

Memorandum of Interest of Directors

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

The Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr. Vijayaraghavan's services and accordingly the Directors commend the Resolutions at Item Nos.9 and 10 for approval by the Members.

Item No. 11 and 12

Mr. C. M. Ashok Muni was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 28th January, 2009. Pursuant to Section 260 of the Companies Act 1956, Mr.C.M.Ashok Muni will hold office of Director only up to the date of this Annual General Meeting and is eligible for re-appointment. Company had received a notice in writing from a member together with the deposit amount of Rs.500/- proposing the candidature of Mr. C. M. Ashok Muni for the office of the director of the Company under Section 257 of the Companies Act, 1956.

The Board of Directors at their meeting held on 28th January, 2009, subject to the approval of the Members and the Central Government, if necessary, appointed Mr.C.M.Ashok Muni as an Whole-time Director of the Company, with immediate effect. Mr. C. M. Ashok Muni who joined the Company as Director and Chief Operating Officer (COO) of the Company on 3rd November, 2008 is a B.Tech - Chemical Engineering from IIT, Chennai He has over 21 years of experience in various chemical industries. He has

worked in Indian Aluminium Company Limited, ICI India Limited, ICI Europe – UK, Belgium and Netherlands, Monsanto India Limited and his last assignment was with Atul Limited. The industry spectrum of his experience includes Chemicals, Agrochemical Operations, Bulk Chemicals and Speciality Chemicals Business.

The appointment and terms of remuneration of Mr. C. M. Ashok Muni as the Director and Chief Operating Officer (COO) are pursuant to the provisions of Article 141 of the Company's Articles of Association and Sections 198, 269,309, read with Schedule XIII and other applicable provisions, if any, of the Act. Mr. C. M. Ashok Muni shall not, while he continues to be the Director and Chief Operating Officer (COO), be subject to retirement by rotation pursuant to the provisions of Section 255 of the Act.

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Act, the approval of the members in General Meeting is required to be obtained for the appointment and the terms of remuneration of Mr. C. M. Ashok Muni as the Director and Chief Operating Officer (COO) and as set out in Item No.12 of the Notice.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. C. M. Ashok Muni has disclosed to the Company that he is holding nil equity shares in the Company.

This may also be treated as an abstract of the draft Agreement between the Company and Mr. C. M. Ashok Muni pursuant to Section 302 Of the Act.

Memorandum of Interest of Directors

None of the Directors of the Company other than Mr. C. M. Ashok Muni may be deemed to be concerned or interested in passing of this resolution.

The Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr. C. M. Ashok Muni's services and accordingly the Directors commend the Resolutions at Item Nos.11 and 12 for approval by the Members.

Place : Hyderabad
Date : 28th April, 2009

By order of the Board
A. S. Pardha Saradhi
Company Secretary

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the Twenty Second Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2009.

Operating Results

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

	(Rs. in Lakhs)	
	2008-09	2007-08
Sales/Income from Operations	60536	41210
Other Income	166	453
Total Income	60702	41663
Profit Before Taxation	8040	3976
Less: Provision for Taxation	3114	1401
Profit After Taxation	4926	2575
Add: Surplus brought forward	6301	5011
Amount available for appropriation	11227	7586
Appropriations		
Your Directors recommend appropriations as under:		
Transfer to General Reserve	500	500
Dividend		
- Interim Paid	298	447
- Interim Corporate Dividend Tax	51	76
- Final (Proposed)	447	224
- Provision for Corporate Dividend Tax	75	38
Surplus Carried Forward	9856	6301
Total Appropriations	11227	7586

Dividend

The Board of Directors of the company at their meetings held on 28th July, 2008 and 24th October, 2008 had declared interim dividends aggregating to Rs.2.00 for each equity share of Rs.10/-. The dividends were paid to the shareholders on due dates.

The Board of Directors are pleased to recommend a final dividend of Rs.3/- for each equity share of Rs.10/- on the equity share capital of the company for the financial year ended 31st March 2009.

Performance

During the year under review, Sales were Rs.605.36 Crores as compared to Rs.412.10 Crores during the previous year. The Profit after Tax for the year under review was Rs.49.26 Crores as compared to Rs.25.75 Crores during the previous year. The cash profits for the year under review were Rs.69.41 Crores as compared to Rs.42.66 Crores during the previous year.

Your Company witnessed 18% growth in Domestic market and 106% growth in Export market respectively over the previous year.

Restructuring

During the second half of the financial year your Company carried out a major restructuring exercise in its operations. Particular emphasis was placed on the organization structure, human resources, reassessment of production capabilities, efficient Environment management systems. Adequate professionals have been recruited for all key positions, keeping in mind the growth potential in the domestic and export markets. In addition systems are being put in place for monitoring and control of costs of production. With all these measures your

Company is poised to become a global player in the agrochemicals and pesticides markets.

Domestic & Export Markets

The Agro Chemical industry has witnessed a growth of about 6% to 7% in the domestic market during the year under review due to normal rain fall spread across the country.

The geographic spread in India had shown a near flat to sluggish growth in North-east while the North had experienced unprecedented crop disease which affected the growth. South and West predominantly had higher growth, reflecting largely in the over all growth of Agro Chemical industry.

The global economic sluggishness is expected to continue for another two years i.e. 2009-10 and 2010-11. This could in turn cause stagnancy in Agro Chemical Industry from growth perspective and this could per force lead to drop in price.

Exports of your Company for the year have increased by about 106% due to preferential increase in demand by your Technical Customers. Your Company will grow further by forging new alliances besides its increased Volumes from the existing business partners.

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

Build up of higher inventories to leverage reduced raw material cost before Olympics has caused a severe strain on the working capital / cash flows. However, it got eased by the close of the financial year.

Your Company gained marginally due to natural hedging in a volatile forex market.

New Projects:

Your Company is planning to de-bottleneck and augment capacity at its existing facility by the end of Sept-09. As a support to its growth plan in the technical export market, your Company is planning a green field / brown field project which is expected to be operational during second half of the financial year 2010-11.

Environment Protection:

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

Your Company is planning to implement state of the art environmental protection facilities which will enable ISO 14001 accreditation. More trees will be planted leading to an increase in the green belt area.

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.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. K. S. Raju, Mr. P. K. Mallik and Mrs. K. Lakshmi Raju, Directors of the Company will be retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

During the year under review the Company has appointed Mr. R. S. Nanda, Mr. Sudhakar Kudva, Mr. N. Vijayaraghavan and Mr. C. M. Ashok Muni as additional directors on the Board of Directors of the Company on 16th September, 2008, 24th October, 2008 and 28th January, 2009. They cease to be directors on the date of this Annual General Meeting. Notice under Section 257 has been received proposing their appointment as Directors on the Board.

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

Auditors

M/s. M. Bhaskara Rao & Company, Chartered Accountants, Hyderabad, the Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

Directors' Responsibility Statement

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

- (i) In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements 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, 2009 and of the profit of the Company for the year ended on that date.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Personnel

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

Corporate Governance

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of

Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange forms part of the Annual Report.

Management's Discussion and Analysis Report

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

Acknowledgement

Your Directors wish to place on record their appreciation of the support, co-operation and

assistance received from the Customers, Government authorities, State Bank of India, HDFC Bank Limited, ICICI Bank Limited, Punjab National Bank, IDBI Bank Limited, Shareholders, Suppliers, Associates and the community in the vicinity of the plants.

Place : Hyderabad

Date : 28th April, 2009

On behalf of the Board

Mr. K.S. Raju
Director

Mr. C. M. Ashok Muni
Director &
Chief Operating Officer (COO)

ANNEXURE TO THE DIRECTORS' REPORT

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	Unit	2008-2009	2007-2008
1. Electricity:			
(A) Purchases			
Unit	KWH	23071097	21589860
Total Amount (Net of Subsidy)	Rs. in Lakhs	729.16	689.04
Rate / Unit	Rs.	3.16	3.19
(B) Own Generation			
(I) Through Diesel Generator Unit	KWH	1148682	115331
Unit Per Liter of Diesel Oil	Rs.	3.28	2.73
Cost / Unit	Rs.	12.06	24.63
(II) Through Steam Turbine Generator	KWH	0.00	0.00
Unit Per Liter of Diesel Oil	Rs.	0.00	0.00
Cost / Unit	Rs.	0.00	0.00
2. Coal (Specify Quality & Where Used)			
		C Rom - Used for Boiler	
Quantity	MT	25982.54	22701.55
Total Cost	Rs. in Lakhs	846.99	582.67
Average Rate / MT	Rs.	3,259.85	2,566.64
3. Furnace Oil			
Quantity (K LTRS)	KL	1562.86	1023.62
Total Amount	Rs. in Lakhs	374.48	223.36
Average Rate	Rs.	23,961	21,821
4. Others / Internal Generation			
Diesel / Furnace Oil			
Quantity	KL	94.08	86.19
Total Cost	Rs. in Lakhs	34.74	17.97
Rate / Unit (MT)	Rs.	36,929	20,855
5. Consumption Per Tonne of Production			
Electricity	KWH	4048	4335
Furnace Oil	KL	0.27	0.20
Coal - Quality: C Rom	MT	4.50	4.53
Others - Farm Waste / Diesel	MT	0.01	0.02

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 | <ul style="list-style-type: none"> a. R & D Work on the existing processes to make them environmentally friendly and cost effective. b. Indigenous process developments for new products. |
| 2. Benefits derived as a result of the above R&D | Increased export business and improved product quality. |
| 3. Future plans of action | Introduction of new products through indigenously developed technology. |
| 4. Expenditure on R&D | |
| a. Capital | Rs.45.02 lakhs |
| b. Recurring | Rs.63.28 lakhs |
| c. Total Expenditure as a percentage of total turnover | 0.26% |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

C. PARTICULARS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

- i. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans
- Exports are an important part of Nagarjuna's future growth strategy. As a result of new production introduction and Research & Development investments, Exports have shown a steady growth over the last 4 years.

ii. Foreign Exchange Outgo and Earnings

Foreign Exchange Outgo	Rs. Lakhs
Raw Materials	19,503.04
Capital Goods	113.85
Traded Goods	Nil
Others	202.82
Total	19,819.71
Foreign Exchange Earnings (FOB Value)	26,823.04

A. CORPORATE GOVERNANCE

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

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

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

B. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

Date of Report

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2009.

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 eleven.

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

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

During the year under review, Five Board Meetings were held on 28th April, 2008, 28th July, 2008, 16th September, 2008, 24th October, 2008, and 28th January, 2009.

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

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

* Appointed as Director and Chief Operating Officer (COO) with effect from 3rd November, 2008.

** Resigned as Managing Director with effect from 16th September, 2008.

Appointed as Directors with effect from 16th September, 2008.

D. INFORMATION TO THE BOARD

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

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

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

E. COMMITTEES OF DIRECTORS

The Board of Directors have constituted the following committees with adequate delegation of powers to discharge day-to-day affairs of the Company as well as to meet the exigencies of the business of the Company.

The Committees constituted by the Board as on date are:

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

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

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

The quorum of the Committee is 2 members.

The Committee met 8 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, 2009 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. 94 requests for transfer of shares and 171 requests for dematerialization of shares were received during the year.

The Company during April 1st, 2008 to March 31st, 2009 received 379 letters / complaints from the investors. All the complaints were attended to and resolved and there were no balance letters / complaints pending resolution.

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

Name of the Member	Status	No. of Meetings Attended (Total Held-08)
Mr. K. S. Raju	Chairman	08
Mr. D. Ranga Raju	Member	03
Mr. R. S. Nanda*	Member	04
Mr. G. S. Raju**	Member	04

* Co-opted as a Member of the Committee with effect from 16.09.2008.

** Resigned as Member of the Committee w.e.f. 16.09.2008.

2. Audit Committee:

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

The quorum of the Committee is 2 members.

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

1. Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
 - h) Review regarding the going concern assumption and compliance with accounting standards.
 5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) & creditors.
 12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 14. To review the company's financial and risk management policies.
- The Statutory Auditors, the Internal Auditors were present as invitees for the meetings of the Audit Committee.

The Audit Committee of Directors had met four times during the period under review and the meetings were held on 28th April, 2008, 28th July, 2008, 24th October, 2008 and 28th January, 2009. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of Meetings Attended (Total Held-04)
Dr. Nitish K Sen Gupta	Chairman	3
Mr. D. Ranga Raju	Member	4
Mr. Sukhendu Ray	Member	4
Mr. P. K. Mallik	Member	4

3. Banking Committee:

The Banking Committee constituted by the Board consists of Mr. K. S. Raju, Director, Mr. D. Ranga Raju, Director. The Committee is chaired by Mr. K. S. Raju.

The quorum of the Committee is 2 members.

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

- To open new Accounts with any Bank and approve the list of persons authorised to operate such accounts and to make such changes as may be necessary from time to time.
- Availment of term loans/working capital facilities/credit facilities by the company, including non fund based limits by the company from financial institutions/Banks/Others 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 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 one time. The details of attendance of members of the Banking Committee are as follows:

Name of the Member	Status	No. of Meetings Attended (Total Held-1)
Mr. K. S. Raju	Chairman	1
Mr. G. S. Raju**	Member	1
Mr. D. Ranga Raju	Member	-

** Resigned as Member of the Committee w.e.f. 16.09.2008

4. Remuneration Committee:

The company had constituted a Remuneration Committee with three independent Non Executive Directors to determine the remuneration package of Managing Director / whole-time Directors. The Remuneration Committee as on 31st March, 2009 comprised of Dr. Nitish K Sengupta, Chairman, Mr. Sukhendu Ray, Member and Mr. P. K. Mallik, Member. The functioning and terms of reference of the Remuneration Committee are as prescribed under the Listing Agreement with the Stock Exchanges and it determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors. The Remuneration of the Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration policy of the Company.

The Remuneration Committee of Directors had met three times during the period and the meetings were held on 28th April, 2008, 24th October, 2008 and 28th January, 2009. The details of attendance of member of the Remuneration Committee are as follows:

Name of the Member	Status	No. of Meetings Attended (Total Held-3)
Dr. Nitish K Sen Gupta	Chairman	3
Mr. Sukhendu Ray	Member	3
Mr. P. K. Mallik	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 1st April, 2008 to March 31st, March 2009 is given below:

Name of the Director	Sitting Fees paid for attending meeting the Board of Directors / Committees of Directors
Dr. Nitish K Sen Gupta	Rs.48,000/-
Mr. Sukhendu Ray	Rs.44,000/-
Mr. P. K. Mallik	Rs.36,000/-
Mr. K. S. Raju	Rs.56,000/-
Mr. D. Ranga Raju	Rs.40,000/-
Mr. K. Rahul Raju	Rs.8,000/-
Mrs. K. Lakshmi Raju	Rs.8,000/-
Mr. R.S.Nanda	Rs.28,000/-
Mr. Sudhakar Kudva	Rs.8,000/-
Mr. N.Vijayaraghavan	Rs.4,000/-
Total	Rs.2,80,000/-

The details of remuneration paid/payable for the financial year 1st April, 2008 to 16th September, 2008 to Mr. G. S. Raju***, Managing Director is as under:

Component	Rs.
Salary	22,26,667
Perquisites and Other Benefits	5,44,116
Contribution to Provident Fund & other Funds	5,36,000
Commission	18,73,256
Total	51,80,039

***Resigned as Managing Director with effect from 16th September, 2008.

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

Component	Rs.
Salary	15,63,801
Perquisites and Other Benefits	3,54,000
Contribution to Provident Fund	1,18,400
Total	20,36,201

*** Appointed as Director and Chief Operating Officer with effect from 3rd November, 2008.

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

Component	Rs.
Salary	9,51,000
Perquisites and Other Benefits	12,750
Contribution to Provident Fund	56,787
Total	10,20,537

***Appointed as Whole-time Director with effect from 24th October, 2008.

G. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Place
2005-2006	23-09-2006	10.00 AM	KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004
2006-2007	26.07.2007	10.00 AM	KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004
2007-2008	28-07-2008	10.00 AM	KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004

During the previous Annual General Meeting of the Company held on 28.07.2008 a Special Resolution appointing Mr.G.S.Raju as Managing Director has been passed. No other resolution other than this has been passed at the earlier Annual General Meetings.

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

H. DISCLOSURES

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

Details of related party transactions have been disclosed under Note No.11 of Schedule P 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, strictures imposed on the Company by a Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years.

There has been no instance of non-compliance.

I. FIXED DEPOSITS

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

J. UNCLAIMED DIVIDEND

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

K. MEANS OF COMMUNICATION:

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

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

L. Compliance of Insider Trading Norms:

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

The Insider Trading Policy lays down the guidelines which advises 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, Mr. K. S. Raju, Mr. P. K. Mallik and Mrs. K. Lakshmi Raju Directors of the Company, retire by rotation and being eligible seek re-appointment.

On 16th September, 2008 Mr. R. S. Nanda, Mr. Sudhakar Kudva & Mr. N. Vijayaraghavan were appointed as additional directors of the Company.

On 24th October, 2008 Mr. N. Vijayaraghavan was appointed as Whole-time Director of the Company.

On 28th January, 2009 Mr. C. M. Ashok Muni was appointed as Director and Chief Operating Officer (COO) of the Company.

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

1. Mr. K. S. Raju, son of Late Shri K. V. K. Raju is a Graduate in Mechanical Engineering, and has been instrumental in propelling the Group forward, achieving newer heights of glory. A noted entrepreneur, he has successfully lead the Group's foray into several core industrial sectors.

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

Sl.No.	Name of the Public Limited Companies
1.	Nagarjuna Fertilizers and Chemicals Limited
2.	Nagarjuna Power Corporation Limited
3.	Nagarjuna Oil Corporation Limited
4.	Jaiprakash engineering and Steel Company Limited
5.	Dakshin Hydro Energy Limited

6.	Nagarjuna Corporation Limited
7.	Ikisan Limited
8.	Nagarjuna International (Vietnam) Limited
9.	Nagarjuna Holding (Vietnam) PTE Limited
10.	Himagiri Hydro Energy Private Limited
11.	Himagiri Enterprises Pvt Ltd

2. Mr. P. K. Mallik Director of the Company is a Ex-Senior Partner of Price Waterhouse, Kolkata. He is also Ex-President of Institute of Chartered Accountants of India, Former member of International Audit Practice Committee of International Federation of Accountants and Ex-Sheriff of Kolkata. He has extensive experience in accountancy and auditing. He has been associated with the Company as a Director from 8th December, 1986. Names of other Indian Companies in which Mr. P. K. Mallik is a Director

Sl.No.	Name of the Public Limited Companies
1.	N R C Limited
2.	CHNHB Association, Kolkata
3.	Kesoram Industries Limited
4.	Peerless Financial Services Limited
5.	International Combustion (India) Limited

3. Mrs. K. Lakshmi Raju, aged about 34 years is a commerce graduate and also has a Degree in Business Administration. She has been associated with the Company as a Director from 24th June, 2004. She is not a Chairperson / Member of any committees of the Boards of the other Companies on which she is a Director. Names of the Companies in which Mrs. K. Lakshmi Raju is a Director.

Sl.No.	Name of the Company
1.	Nagarjuna Holdings International PTE Ltd, Singapore

4. Mr. R. S. Nanda born on March 4, 1944, graduated in Mechanical Engineering with distinction from Agra University. After a fairly long stint with the Fertiliser Corporation of India, Mr. Nanda chose to enter the private sector in 1979. He held senior positions of responsibility in Kanoria Chemicals, EID-Parry and Cyanamid India, before joining Coromandel Fertilisers Limited (a Murugappa Group Company) in 1992 as Vice President-Manufacturing & Projects. In January, 1994 he was elevated to the position of President & Managing Director of the Company. Mr. Nanda was also a Director on the Board of EID-Parry (India) Limited and on the Boards of Godavari Fertilisers & Chemicals Limited, Fertilisers Association of India and Indian Potash Limited. Mr. Nanda was the Chairman of the Confederation of Indian Industry, Andhra Pradesh State Council for the year 1999 2000 and Chairman of the Fertiliser Association of India, Southern Region, consecutively for two years i.e., in 1997-98 and 1998-99.

He is a Whole-time Director and Chief Operating Officer of Nagarjuna Fertilisers and Chemicals Limited and also a Director of Reliance Cellulose Products Limited.

5. Mr. Sudhakar Kudva is a Fellow member of the Institute of Chartered Accountants of the India. He has over 34 years of experience in various senior positions in India and abroad. He has worked with the Nagarjuna Group, Hyderabad from 1981 to 1992, the Indian Seamless Group, Pune from 1992 to 2003 and from 2003 to 2007 with Arcelor Mittal, Algeria. The industry spectrum of his experience includes International Trading and contracting, financial services,

manufacture of alloy and carbon steel, seamless tubes, mining, port operations and logistics. His areas of experience include accounting, financial management, treasury management and general management.

He is a Non-Executive Director on the Board of Bhagiradha Chemicals & Industries Limited.

6. Mr. N. Vijayaraghavan is a B.Tech. (Metalurgy) from IIT, Chennai and holds a Post Graduate Diploma in Business Management from IIM, Ahmedabad. He has over 35 years of experience in various senior positions. He has worked in Larsen & Toubro Limited, ITW Signode Limited, Nagarjuna Fertilisers and Chemicals Limited and Sterlite Industries Limited. The industry spectrum includes various manufacturing fields. His experience include fertilizers manufacturing, copper and marketing management and general management. He is not a Director of any other Company.

7. Mr. C. M. Ashok Muni who joined the Company as Director and Chief Operating Officer (COO) of the Company on 3rd November, 2008 is a B.Tech – Chemical Engineering from IIT, Chennai. He has over 21 years of experience in various chemical industries. He has worked in Indian Aluminium Company Limited, ICI India Limited, ICI Europe – UK, Belgium & Netherlands, Monsanto India Limited and his last assignment was with Atul Limited. The industry spectrum of his experience includes Chemicals, Agrochemical Operations, Bulk Chemicals and Speciality Chemicals Business.

He is on the Board of Nagarjuna Foundation as Director.

N. Name and Designation of the Chief Compliance Officer

Mr. A. S. Pardha Saradhi, Company Secretary and Head – Legal Affairs.

O. GENERAL SHAREHOLDERS INFORMATION

a. 22nd Annual General Meeting

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

Time : 10.00 A.M

Date : Thursday, 30th July, 2009.

b. Listing of Stock Exchange and Stock Code

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

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

- c. Date of Book Closure: from Friday, 24th July 2009 to Thursday, 30th July, 2009 (both days inclusive)

d. Financial Calendar for the year 2009-2010.

Tentative Schedule

Accounting year	1st April, 2009 to 31st March, 2010
First Quarter Un-audited Results	July 2009
Second Quarter Half yearly Un-audited Results	October 2009
Third Quarter Un-audited Results	January 2010
Annual Results (Audited)	Within 3 months of the close of the financial year.
Annual General Meeting	In accordance with Section 166 of the Companies Act, 1956.

e. Dividend Patterns

The dividend pattern of the company is as under:

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

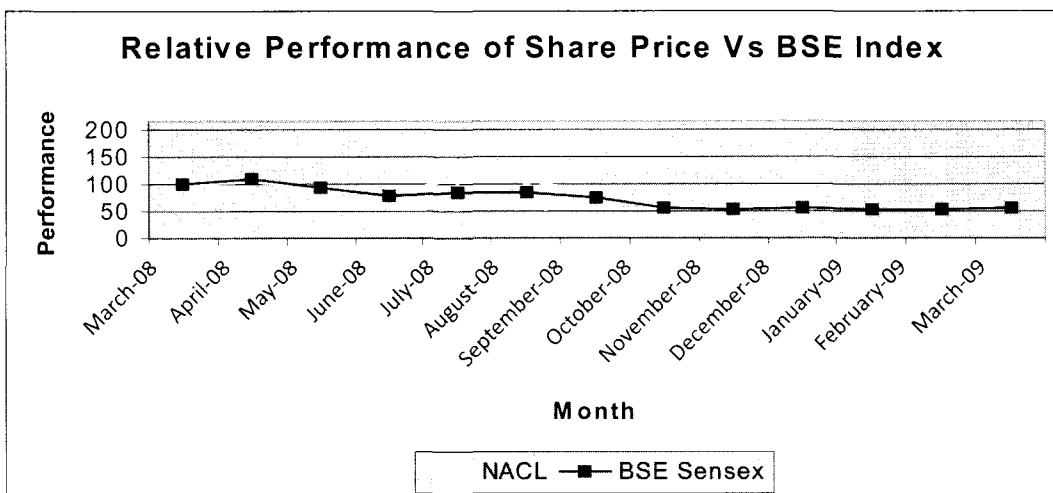
f. Market Price Data – High-Low Quotations on The Stock Exchange, Mumbai during the year April, 1 2008 to March 31, 2009 is as follows:

Month	Bombay Stock Exchange (Rs.)	
	High	Low
April 2008	118.00	87.00
May 2008	106.70	95.00
June 2008	111.00	84.05
July 2008	118.00	80.00
Aug' 2008	130.00	106.00
Sept' 2008	114.00	70.00
Oct' 2008	95.00	55.00
Nov' 2008	69.00	52.30
Dec' 2008	69.80	53.15
Jan' 2009	75.00	49.25
Feb' 2009	69.00	52.00
Mar' 2009	67.85	50.00

Performance in comparison to BSE Sensex

Share Price movement for the period April, 2008 to March, 2009 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
Mar-08	85.50	15644.44	100.00	100.00
Apr-08	101.60	17287.31	101.60	110.50
May-08	98.20	16415.57	95.65	94.96
Jun-08	86.10	13461.60	84.74	77.87
Jul-08	110.60	14355.75	108.86	83.04
Aug-08	108.50	14564.53	106.79	84.25
Sep-08	86.35	12860.43	84.99	74.39
Oct-08	60.45	9788.06	59.50	56.62
Nov-08	57.15	9092.72	56.25	52.60
Dec-08	58.95	9647.31	58.02	55.81
Jan-09	63.35	9424.24	62.35	54.52
Feb-09	53.65	8891.61	52.81	51.43
Mar-09	65.05	9708.50	64.03	56.16



P. SHARE TRANSFER AGENT

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

Q. DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholding as on 31st March, 2009 was as follows:

Share Holding		Share Holders		Share Holding	
		Number	% to Total	Number	% to Total
1	5000	8321	94.05	1045204	7.01
5,001	10000	304	3.44	258845	1.74
10,001	20000	104	1.18	156515	1.05
20,001	30000	27	0.31	68916	0.46
30,001	40000	31	0.35	107877	0.72
40,001	50000	12	0.14	53251	0.36
50,001	100000	22	0.25	142021	0.95
1,00,001	and above	25	0.28	1306528	87.70
Total		8846	100	14898157	100.00

R. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2009

	Category	No. of Shares Held	Percentage of Shareholding
A	Promoter's Holding	1,16,64,186	78.29
B	Non-Promoters Holding		
	I. Institutional Investors		
	a. Mutual Funds and UTI	100	0.01
	b. Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions, Non-Government Institutions)	500	0.01
	II. Others (Foreign Institutional Investors)	2,00,000	1.34
	a. Private Corporate Bodies	10,18,747	6.84
	b. Indian Public	20,03,979	13.44
	c. NRIs	10,645	0.07
	GRAND TOTAL	1,48,98,157	100.00

S. SHARES HELD BY NON EXECUTIVE DIRECTORS

The shares held by Non Executive Directors in the Company are

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

T. DEMATERIALISATION OF SHARES AND LIQUIDITY

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

The break-up of physical and dematerialised shares as on 31st March, 2009.

Mode	No. of Shares	Shareholding %
Demat	14157128	95.03%
Physical	741029	4.97%
Total	14898157	100%

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

U. CIN Number

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

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

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

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

X. Location of Plants

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

Y. Address for Correspondence:

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

Z. Telephone No. : 23358217 / 23350235

Fax No. : 23350234

Email id: aspardhasaradhi@nagarjunaagrichem.com

Date : 28th April, 2009

Place : Hyderabad

On behalf of the Board of Directors

K. S. Raju

Director

C. M. Ashok Muni

Director and

Chief Operating Officer (COO)

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 for the financial year ended 31st March, 2009.

Place : Hyderabad

C. M. ASHOK MUNI

Date : 28th April, 2009

Director & Chief Operating Officer (COO)

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY UNDER CLAUSE 49 OF THE LISTING AGREEMENT

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

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2009 and all its Schedules and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
 - i) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading.
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent or illegal.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5.
 - a. there have been no significant changes in the internal controls over financial reporting.
 - b. there was no fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems over financial reporting.
 - c. there were no changes in accounting policies during the year.

Place : Hyderabad

C. M. Ashok Muni

R. K. S. Prasad

Date : 28th April, 2009

Director & Chief Operating Officer (COO)

Chief Financial Officer

MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure and Developments:

Your Company core competency is in agro chemicals and would strategically strive to build up capacities and enhance the market share both in domestic and global markets in Technicals and Formulations for the next 5 years before the Company embarks on diversification.

Your Company has seen an average growth rate of about 10% during the last 8 years as against the industrial moving average of about 6% to 7% growth. Leveraging on good distribution dealers network and by introducing new molecules besides generics the Company aspires to take a quantum leap over the coming years in the domestic markets.

As a long term strategy the vision of the Company is to further diversify strongly in Crop Science Business through Seeds and Traits besides Agro Chemicals. Additionally, inorganic growth through merger and acquisition will also be pursued.

Financial Performance:

During the year under review, both domestic sales and export sales has increased. The profit after tax was at Rs.49.26 Crores.

Opportunities & Threats:

Your Company has got a very diverse product portfolio in brands, strongly positioned as manufacturer of technicals and focused on innovation through basic and applied research to be amongst the top 5 leaders in Agro Chemical Industry.

Threats:

The global economic melt down and recessionary trends are the major threats, to stifle the Agro Chemical Sector too. This could impact the overall growth rate and market price scenario.

Depletion of non-renewable resources like petroleum and water, global climatic changes and economic slow down are some of the macro economic threats for the Company and world economy at large.

Outlook:

Normal monsoon season is forecast during the year 2009-10 indicating a better business prospect compared to the previous year. India being a Agri driven economy may not feel the major impact of sluggishness of global economy. However, certain aspects of threats as aforesaid remains ambiguous from its unfavorable impact point of view.

With many new entrants in the domestic market with generics and newer molecules could make the domestic market intensely competitive.

Risks and Concerns

Since Indian agriculture is still heavily dependent on the weather, sudden changes in weather can lead to fluctuations in demand. Similarly export sales are also impacted by the weather conditions in the importing country.

Internal Control Systems

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

Industrial Relations and Human Resource Development:

The number of employees in the company as on March 31st, 2009 was 1008. The company enjoys cordial and harmonious industrial relations. Opportunities for individual growth, creativity and dedicated participation in organizational development are a priority in management objective.

Cautionary Statement

The statements in the Report of the Board of

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

Date : 28th April, 2009
Place : Hyderabad

On behalf of the Board of Directors
NAGARJUNA AGRICHEM LIMITED

K. S. Raju
Director

C. M. Ashok Muni
Director and Chief Operating Officer (COO)

AUDITOR'S CERTIFICATE

To
The Members of
Nagarjuna Agrichem Limited

We have examined the compliance of conditions of Corporate Governance by NAGARJUNA AGRICHEM LIMITED for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

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

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

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

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

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

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

Place : Hyderabad
Date : 28th April, 2009

Anil Kumar Mehta
Partner
Membership No.14284

AUDITOR'S REPORT

The Members of
Nagarjuna Agrichem Limited

1. We have audited the attached balance sheet of **NAGARJUNA AGRICHEM LIMITED** as at 31st March, 2009, the profit and loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, (Amendment) 2004 issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2009 and, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with “Significant Accounting Policies” and notes thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2009;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

Place : Hyderabad
Date : 28th April, 2009

Anil Kumar Mehta
Partner
Membership No.14284

ANNEXURE TO THE AUDITOR'S REPORT

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

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

- v) a) In our opinion and according to the information and explanations given to us, and based on the representations made by the management, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, sub clause (b) of clause (v) of this Order is not applicable to the Company for the current year.
- vi) The company has not accepted any deposits from public.
- vii) During the year under report, the internal audit of the company has been conducted by Firms of Chartered Accountants. In accordance with the explanations given to us, the scope and coverage of internal audit is being enlarged, in view of the growth relating to the size and operations of the company to ensure adequate coverage.
- viii) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, have been maintained. However, we are not required to and, have not carried out any detailed examination of such accounts and records.
- ix) a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs 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, 2009 which are outstanding for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess which have not been deposited on account of any dispute except as stated below:

Statute	Nature	Amount involved (Rs. Lakhs)	Forum where dispute is pending
Sales Tax	Stock Transfers during 1996-97 treated as sales	175.06	Sales Tax Appellate Tribunal, Hyderabad Andhra Pradesh
	Assessment based on Best Judgement, certain deductions disallowed	1.90	Deputy Commissioner (Appeals) of Commercial Taxes, Kerala

Statute	Nature	Amount involved (Rs. Lakhs)	Forum where dispute is pending
Income Tax	Disputed tax on disallowance of R&D expenditure & Product Development expenditure in A Y 2005-06	50.47	Commissioner of Income Tax (Appeals), Hyderabad
	Disputed tax on disallowance of R&D expenditure & Business Development expenditure in AY 2006-07	31.35	Commissioner of Income Tax (Appeals), Hyderabad
Excise Duty	Interest on differential duty paid on supplementary invoices after finalization of cost data of the goods cleared to the sister concern- Apl'04 to Mar'05 & Apl'05 to Oct'05	8.13	CESTAT, Bangalore
	Irregular availment of Cenvat credit of 4% SAD against DEPB and Target plus schemes - July'06 to Mar'07	12.14	Additional Commissioner, Visakhapatnam
	Interest on differential duty paid on supplementary invoices after finalization of cost data of the goods cleared to the sister concern - Apl'05 to Feb'06.	4.14	Additional Commissioner, Visakhapatnam
	Irregular availment of Cenvat credit on inputs (welding electrodes) for the period from Jan'07 to Nov'07	0.41	Asst. Commissioner of Central Excise, Vijayanagaram
Service Tax	Irregular availment of abatement of 75% on value of taxable services - Apl'05 to Feb'06	25.87	Commissioner appeals, Visakhapatnam
	Service Tax on Export Related Credits	0.27	Asst. Commissioner, Kakinada
	Interest on Service Tax Paid on Goods Transport Agencies	0.49	Asst. Commissioner Kakinada

- x) The company has no accumulated losses as at 31st March, 2009. 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 or debenture holders.

- 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) 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.
- 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

Place : Hyderabad
Date : 28th April, 2009

Anil Kumar Mehta
Partner
Membership No.14284

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31-03-2009		As at 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	148,981,570		148,981,570	
Reserves & Surplus	B	1,362,488,634	1,511,470,204	956,992,965	1,105,974,535
Loan Funds					
Secured Loans	C	724,710,628		802,891,633	
Unsecured Loans	D	88,796,849	813,507,477	169,030,309	971,921,942
Deferred Tax Liability (Net)			227,112,243		207,917,351
TOTAL			2,552,089,924		2,285,813,828
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	2,323,575,626		1,952,197,149	
Less: Depreciation		736,775,561		558,143,679	
Amortisation of Intangibles		8,874,899		7,283,914	
Net Block		1,577,925,166		1,386,769,556	
Capital Work in Progress		38,425,322	1,616,350,488	173,987,887	1,560,757,443
Current Assets, Loans and Advances					
Inventories	F	950,379,580		767,867,882	
Sundry Debtors		851,260,538		651,879,572	
Cash & Bank Balances		185,780,931		81,992,357	
Other Current Assets		829,350		1,184,799	
Loans and Advances		262,175,329		152,850,751	
		2,250,425,728		1,655,775,361	
Less Current Liabilities and Provisions					
Current Liabilities	G	1,032,967,335		830,874,815	
Provisions	H	281,718,957		99,844,161	
		1,314,686,292		930,718,976	
Net Current Assets			935,739,436		725,056,385
Accounting Policies	O				
Notes on Accounts	P				
TOTAL			2,552,089,924		2,285,813,828

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

As per our report attached.

For and on behalf of the Board

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

Anilkumar Mehta
Partner

K. S. Raju
Director

C. M. Ashok Muni
Director & Chief Operating Officer (COO)

Place : Hyderabad
Date : 28th April, 2009

R. K. S. Prasad
Chief Financial Officer

A. S. Pardha Saradhi
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	31-03-2009	31-03-2008
		Rs.	Rs.
INCOME			
Sales (Net of Excise Duty, Rebates & Discounts)	I	6,053,577,993	4,120,950,974
Other income	J	16,607,491	45,319,126
Total		6,070,185,484	4,166,270,100
EXPENDITURE			
Manufacturing and Other Costs	K	4,210,515,815	3,001,693,367
Administrative, Selling/Distribution and Other Expenses	L	682,011,120	460,981,498
Duties and Taxes	M	232,181	(15,294,712)
Interest	N	191,082,678	167,420,042
Depreciation	E	182,338,864	153,847,643
Total		5,266,180,658	3,768,647,838
Profit Before Tax		804,004,826	397,622,262
Provision for			
- Current Tax		288,779,276	120,405,874
- Deferred Tax		19,194,892	15,284,508
- Fringe Benefit Tax		3,384,496	4,477,198
Net Profit after Tax		492,646,162	257,454,682
Balance Brought Forward from the Previous Year		630,115,049	501,095,813
Amount available for Appropriation		1,122,761,211	758,550,495
Appropriations			
General Reserve		50,000,000	50,000,000
Interim Dividend		29,796,314	44,694,471
Final Dividend		44,694,471	22,347,236
Corporate Dividend Tax on Interim Dividend		5,063,884	7,595,826
Corporate Dividend Tax on Final Dividend		7,595,824	3,797,913
Balance Carried to Balance Sheet		985,610,718	630,115,049
Basic and Diluted Earning Per Share (Rs.)		33.07	17.28
Face value Rs.10 per share (Refer Note 12 of Schedule P)			

The schedules referred to above and notes to accounts form an integral part of Profit and Loss account.
As per our report attached to the Balance Sheet. For and on behalf of the Board

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

Anilkumar Mehta
Partner

K. S. Raju
Director

C. M. Ashok Muni
Director & Chief Operating Officer (COO)

Place : Hyderabad
Date : 28th April, 2009

R. K. S. Prasad
Chief Financial Officer

A. S. Pardha Saradhi
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09		2007-08	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxation and Extraordinary Items		804,004,826		397,622,262
Adjustments for:				
Add:				
Depreciation	182,338,864		153,847,643	
Foreign Exchange Fluctuations - unrealised Loss	42,920,729		9,338,029	
Loss on Sale of Fixed Assets	960,931		428,690	
Discarded Assets	109,624		858,594	
Interest	191,082,678	417,412,826	167,420,042	331,892,998
Less:				
Foreign Exchange Fluctuations - unrealised Gain	11,727,888		25,105,184	
Profit on Sale of Assets	108,105		327,487	
		11,835,993		25,432,671
Operating profit before working capital changes		1,209,581,659		704,082,589
Adjustments for:				
Less: Increases in Trade and other Receivables				
- Debtors	194,486,382		(38,072,504)	
- Inventories	182,511,697		(44,846,350)	
- Other Current Assets	(355,449)		225,875	
- Loans and Advances	106,686,598	483,329,228	52,163,694	(30,529,285)
		726,252,431		734,611,874
Add:				
Increase in Trade Payables	233,772,945	233,772,945	99,797,389	99,797,389
Cash generated from operations		960,025,376		834,409,263
Less:				
Taxes paid	136,238,731	136,238,731	124,883,072	124,883,072
Cash flow before extraordinary items		823,786,645		709,526,191
NET CASH FROM OPERATING ACTIVITIES		823,786,645		709,526,191

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09		2007-08	
	Rs.	Rs.	Rs.	Rs.
B. CASH FLOW FROM INVESTING ACTIVITIES				
Inflow				
- Sale of Fixed Assets	1,247,322	1,247,322	10,371,845	10,371,845
Outflow				
- Purchase of Fixed Assets	375,704,242		143,238,471	
- Capital Work in Progress	(135,562,565)		148,110,864	
- Decrease in Creditors (Projects)	27,754,479	267,896,156	26,248,622	317,597,957
NET CASH USED IN INVESTING ACTIVITIES		(266,648,834)		(307,226,112)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings				
Inflow				
- Working Capital Loans	-		89,521,736	
- Inter Corporate Deposits	20,000,000	20,000,000	-	89,521,736
Outflow				
- Term Loans	76,996,610		69,331,360	
- Working Capital Loans	44,105,124		-	
- Short Loans & Advances	100,000,000		130,001,605	
- Interest Paid	191,008,696		167,945,015	
- Sales Tax Deferral	233,460		-	
- Corporate Dividend Tax	8,861,797		12,659,710	
- Equity Dividend	52,143,550	473,349,237	74,490,785	454,428,475
NET CASH USED IN FINANCING ACTIVITIES		(453,349,237)		(364,906,739)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		103,788,574		37,393,340
Cash and Cash equivalents at the beginning of year		81,992,357		44,599,017
Cash and Cash equivalents at the end of year*		185,780,931		81,992,357

*Includes Unclaimed Dividends of Rs.7194914.50.

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

As per our report attached to the Balance Sheet.

For and on behalf of the Board

For M. Bhaskara Rao & Co.,
Chartered Accountants

Anilkumar Mehta
Partner

K. S. Raju
Director

C. M. Ashok Muni
Director & Chief Operating Officer (COO)

Place : Hyderabad
Date : 28th April, 2009

R. K. S. Prasad
Chief Financial Officer

A. S. Pardha Saradhi
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31-03-2009		As at 31-03-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - A				
SHARE CAPITAL				
AUTHORISED				
2,00,00,000 Equity Shares of Rs.10/- each		200,000,000		200,000,000
ISSUED AND SUBSCRIBED				
1,48,98,157 Equity Shares of Rs.10/- each fully paid		148,981,570		148,981,570
Of the above shares 21,03,157 shares are allotted as fully paid on preferential basis				
Of the above shares, 1,13,62,350 shares are held by GSR Products Limited, holding company				
TOTAL		148,981,570		148,981,570
SCHEDULE - B				
RESERVES AND SURPLUS				
Capital Reserve		2,093,500		2,093,500
Securities Premium		24,784,416		24,784,416
General Reserve	300,000,000		250,000,000	
Transfer from Profit and Loss Account	50,000,000		50,000,000	
Balance in Profit and Loss Account		350,000,000 985,610,718		300,000,000 630,115,049
TOTAL		1,362,488,634		956,992,965
SCHEDULE - C				
SECURED LOANS				
From Scheduled Banks:				
Term Loans	296,569,877		330,645,758	
Working Capital :		296,569,877		330,645,758
- Demand Loan / Cash Credits	428,140,751		472,245,875	
		428,140,751		472,245,875
TOTAL		724,710,628		802,891,633
SCHEDULE - D				
UNSECURED LOANS				
Sales Tax Deferral		68,796,849		69,030,309
Short Term Loans & Advances :				
- From Banks		-		100,000,000
Inter Corporate Deposits		20,000,000		-
TOTAL		88,796,849		169,030,309

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31-03-2009

SCHEDULE - E

FIXED ASSETS

(Rupees)

Description	Gross Block at Cost				Depreciation / Amortisation				Net Block	
	As at 31.03.2008 Rs.	Additions for the year Rs.	Deductions for the year Rs.	As at 31.03.2009 Rs.	Upto 31.03.2008 Rs.	For the year Rs.	Adjustments Rs.	Upto 31.03.2009 Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Land	41,045,273	2,557,475	-	43,602,748	-	-	-	-	43,602,748	41,045,273
Buildings	275,628,409	41,570,344	-	317,198,753	43,297,651	9,745,538	-	53,043,189	264,155,564	232,330,758
Plant and Machinery	1,457,403,072	308,318,548	-	1,765,721,620	450,404,187	156,505,388	-	606,909,575	1,158,812,045	1,006,998,885
Electrical Installations	105,778,564	6,154,950	-	111,933,514	39,742,522	8,178,120	-	47,920,642	64,012,872	66,036,042
Furniture and Fixtures	10,587,457	225,981	-	10,813,438	3,345,301	615,387	-	3,960,688	6,852,750	7,242,156
Office Equipments	5,930,328	1,744,956	166,770	7,508,514	1,314,341	332,404	70,927	1,575,818	5,932,696	4,615,987
Vehicles	19,601,052	7,919,317	3,812,947	23,707,422	5,231,993	1,968,946	1,808,646	5,392,293	18,315,129	14,369,059
Others	24,083,138	4,196,671	346,048	27,933,761	14,807,684	3,402,096	236,424	17,973,356	9,960,405	9,275,454
INTANGIBLES										
Goodwill	12,139,856	-	-	12,139,856	7,283,914	1,213,985	-	8,497,899	3,641,957	4,855,942
SAP Upgrade License Fees	-	3,016,000	-	3,016,000	-	377,000	-	377,000	2,639,000	-
Total	1,952,197,149	375,704,242	4,325,765	2,323,575,626	565,427,593	182,338,864	2,115,997	745,650,460	1,577,925,166	1,386,769,556
Previous Year	1,823,219,558	144,481,272	15,503,681	1,952,197,149	414,509,189	153,847,643	2,929,239	565,427,593	1,386,769,556	1,408,710,369
Capital Work-in-Progress										
- Plant & Machinery under Erection & Civil Works									15,781,037	147,882,241
- Civil Works									-	-
- Advances on Capital Account (Considered good)									22,644,285	26,105,646
- VVIP Others									-	-
Total									38,425,322	173,987,887
Previous Year									173,987,887	25,877,023

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31-03-2009		As at 31-03-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - F				
CURRENT ASSETS				
I. INVENTORIES				
Raw Materials	451,291,861		406,347,359	
Work-in-Process	144,744,535		103,507,080	
Finished Goods	327,938,174		224,562,889	
Traded Products	8,310,399		16,979,854	
Stores and Spares	18,094,611		16,470,700	
		950,379,580		767,867,882
II SUNDRY DEBTORS (Unsecured)				
- Debts Outstanding for a period exceeding Six Months				
- Considered Good	3,583,514		5,362,658	
- Other Debts				
- Considered Good	847,677,024		646,516,914	
		851,260,538		651,879,572
III CASH AND BANK BALANCES				
Cash on Hand	436,607		835,518	
Balances with Scheduled Banks				
I) Current Accounts	147,078,539		40,618,626	
II) Deposits/Margin Money Accounts	38,265,785		40,538,213	
		185,780,931		81,992,357
IV OTHER CURRENT ASSETS				
Interest accrued on Deposits		829,350		1,184,799
V LOANS AND ADVANCES (UNSECURED)				
- Considered Good				
Advance for Share Application Money	111,500,000		26,500,000	
Advances recoverable in cash or in kind for value to be received	72,015,430		51,179,937	
Claims recoverable	2,312,398		4,651,934	
TDS	2,637,979		2,142,093	
Deposits with				
- Government Departments	73,657,972		65,347,837	
- Others	51,550		3,028,950	
		262,175,329		152,850,751
TOTAL		2,250,425,728		1,655,775,361

*Amount due from Officers of the Company Rs.2.63 Lakhs (Previous Year Rs.6.14 Lakhs)

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31-03-2009		As at 31-03-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - G				
CURRENT LIABILITIES				
Sundry Creditors				
I) Dues to Micro & Small Enterprises (Refer Note 4 of Schedule P)	35,734,071		30,919,529	
II) Other Creditors - Suppliers/Services	754,109,416		527,281,571	
		789,843,487		558,201,100
Unclaimed Dividends		7,194,914		6,233,815
Advances/Deposits received from customers		218,898,048		245,031,247
Other Liabilities		16,956,902		21,408,653
Interest accrued but not due		73,984		-
TOTAL		1,032,967,335		830,874,815
SCHEDULE - H				
PROVISIONS:				
Taxation - (Net of Advance Tax)				
- Income Tax		217,546,521		58,983,498
- Fringe Benefit Tax		(64,268)		626,737
Corporate Dividend Tax		7,595,825		3,797,913
Proposed Equity Dividend		44,694,471		22,347,236
Provident Fund		2,113,530		1,895,152
Gratuity		8,609,160		1,007,535
Leave Encashment		1,223,718		11,186,090
TOTAL		281,718,957		99,844,161

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	31-03-2009		31-03-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - I				
SALES (Net of Rebates/Discounts)				
- Domestic	3,629,981,305		3,173,058,067	
- Exports	2,932,105,304		1,420,115,299	
	6,562,086,609		4,593,173,366	
Less Excise Duty/Sales Tax & VAT	554,928,368		558,738,450	
SALES (Net of Excise Duty, Rebates/Discounts)		6,007,158,241		4,034,434,916
Conversion Charges		5,337,385		15,323,167
Income from Operations		41,082,367		71,192,891
TOTAL		6,053,577,993		4,120,950,974
SCHEDULE - J				
OTHER INCOME				
Interest (TDS receivable Rs.490309.76 Previous Year Rs.681720/-)		1,923,849		2,529,223
Excess Provision Written Back		5,130,582		11,508
Profit on sale of Fixed Assets		108,105		327,487
Bad Debts written off recovered		6,047,106		6,575,042
Others		3,397,849		35,875,866
TOTAL		16,607,491		45,319,126
SCHEDULE - K				
MANUFACTURING AND OTHER COSTS				
- Consumption of Raw Materials		3,560,051,559		2,224,573,033
- Cost of Traded Goods sold		269,470,604		249,242,467
- Consumption of Packing Material		234,767,929		193,582,486
- Power & Fuel		227,665,751		170,189,168
- Consumption of Stores and Spares		56,879,685		41,212,555
- Repairs to				
Plant and Machinery	200,642		-	
Buildings	2,384,049		1,061,365	
Others	3,708,336		1,956,188	
		6,293,027		3,017,553
		4,355,128,555		2,881,817,262
		(144,612,740)		119,876,105
- (Increase)/Decrease in Stocks - Annexure				
TOTAL		4,210,515,815		3,001,693,367
(INCREASE)/DECREASE IN STOCKS - ANNEXURE				
Opening Stock of:				
Finished Goods	224,562,889		390,757,749	
Work-In-Process	103,507,080		57,188,325	
		328,069,969		447,946,074
Closing Stock of:				
Finished Goods	327,938,174		224,562,889	
Work-In-Process	144,744,535		103,507,080	
		472,682,709		328,069,969
(Increase)/Decrease in Stocks		(144,612,740)		119,876,105

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	31-03-2009		31-03-2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - L				
ADMINISTRATIVE, SELLING / DISTRIBUTION AND OTHER EXPENSES				
Salaries, Wages and Allowances		223,758,943		188,607,657
Contribution to Provident Fund and other Funds		28,665,330		10,451,675
Staff Welfare Expenses		15,082,017		14,624,617
Rent - Premises		7,793,564		6,573,226
Rates and Taxes		7,806,542		4,424,670
Communication Expenses		10,280,964		11,697,258
Travelling and Conveyance		49,426,053		47,041,728
Technical Consultancy		1,877,468		2,633,829
Legal and Professional Charges		12,074,764		6,622,744
Insurance		6,984,240		8,096,094
Directors' Sitting Fees		280,000		146,000
Directors' Travelling and Other Expenses		1,606,243		1,307,088
Payments to Auditors		1,219,277		1,121,000
Software Expenses		1,188,012		1,407,654
R & D Expenditure		4,596,143		6,328,090
Exchange Fluctuation on Foreign Currency		74,083,522		-
Miscellaneous Expenses		22,162,359		21,697,896
CWIP Written Off		4,215,160		-
Loss on Discarded Assets		109,624		858,594
Loss on Sale of Assets		960,931		428,690
Bad Debts Written Off		5,164,059		11,175,102
Selling and Distribution Expenses		202,675,905		115,737,886
TOTAL		682,011,120		460,981,498
SCHEDULE - M				
DUTIES AND TAXES				
Excise Duty	434,421,946		431,270,666	
Less: Adjusted to Turnover	434,189,765		446,565,378	
		232,181		(15,294,712)
Sales Tax & VAT	120,738,603		112,173,072	
Less: Adjusted to Turnover	120,738,603	-	112,173,072	-
TOTAL		232,181		(15,294,712)
SCHEDULE - N				
INTEREST				
Interest on				
- Term Loans		28,568,506		25,735,628
- Working Capital Loans		65,646,832		56,764,269
- Others		58,051,375		62,920,485
Bank Charges		19,796,534		11,295,107
Financial Charges		19,019,431		10,704,553
TOTAL		191,082,678		167,420,042

SCHEDULE 'O'

Significant Accounting Policies

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.

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.

Fixed Assets:

Fixed assets are stated at historical cost. (Net of Modvat / Cenvat Credit availed)

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).

Intangibles:

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

Inventory:

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

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

Cost is ascertained on the "Weighted Average" basis.

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 are recognised as income or expense in the year in which they arise.

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.

Sales:

Sales are recognised at the point of despatch of materials to customers from plant and/or stocking points.

Employee benefits:

Provident Fund is administered through Regional Provident Fund Commissioner. Contributions payable to the above fund are charged to the Profit & Loss Account.

The Gratuity Fund is administered through the scheme of Life Insurance Corporation of India / ING Vysya Life Insurance Company Private Limited. The contribution to the above said fund is charged against revenue.

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.

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. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. 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.

Deferred Tax:

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

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.

Contingencies:

Loss contingencies arising from claims, litigations, assessments, fines, penalties etc., are provided for when it is probable that a liability may be incurred, and the amount can be reasonably estimated.

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.

Schedule 'P':**NOTES FORMING PART OF THE ACCOUNTS**

1. a. Estimated amount of contracts, remaining to be executed on Capital account and not provided for (net of advances) **Rs.607.98 Lacs** (Previous year Rs.531.42 Lacs).

b. Contingent Liabilities

Particulars	Rs. in Lakhs	
	Year ended 31.03.2009	Year ended 31.03.2008
Letters of Credit	2880.70	3289.88
Counter Guarantees	190.78	149.51
Excise Duty / Service Tax Demands	51.48	58.10
Sales Tax Demands	176.17	179.50
Income Tax Demands	81.82	75.47

2. Secured Loans:

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

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

Term loans from banks and certain cash credits and other limits from banks are personally guaranteed by Sri K. S. Raju, a Director of the company and Sri G. S. Raju, former Managing Director of the company.

3. Unsecured Loans:**Sales Tax Deferral:**

Sales Tax Deferment: Vide order No.10/1/5/0564/ 0696 dated 26th April, 1995 the Government of Andhra Pradesh had sanctioned Sales Tax Deferment to the Company in respect of Monocrotophos for a period of ten years commencing from 1.7.1994; subject to a maximum of Rs.13,30,26,830/-. Based on the Sales Tax Returns, the sales tax so deferred aggregates net of repayments to **Rs.386.34 Lacs**. (Previous Year Rs.387.96 Lacs). The repayment of deferred Sales Tax has commenced from July, 2004 as prescribed in the said order.

Further vide Revised order No.10/1/9/0023/ 0387/ID, dated 31.01.2001, the Government of Andhra Pradesh had sanctioned Sales Tax Deferment to the Company in respect of Acephate and Profenofos for a period of fourteen years commencing from 28.09.1997 for Acephate and from 23.02.2000 for Profenofos, subject to a maximum of Rs.10,28,55,150/-. The deferred Sales Tax is payable commencing from 27.09.2011 as prescribed in the said order. Based on the Sales Tax Returns upto the assessment year 2005-06, the sales tax so deferred aggregates to **Rs.301.62 Lacs** (Previous Year Rs.302.34 Lacs). Since financial year 2006-07, the company has decided not to avail the Sales Tax deferment and opted to pay the sales tax henceforth.

4. Based on the information so far available with the company, sundry creditors dues to Micro and Small Enterprises exceeding 30 days aggregate to **Rs.357.34 Lacs** (Previous Year Rs.309.20 Lacs).

- Accurate Laminates
- Aquion Systems (P) Ltd
- Chemicals & Dispersants
- Coastal Cartons (P) Ltd
- For Bro Engineers
- Hychem Laboratories
- Kavil Technologies
- Manjushree Strech Film Pvt Ltd
- Mudrika Labels Pvt. Ltd
- National Scientific Products
- Packaging Remedies
- Quality Closures
- Ra Labels & Stickers Pvt. Ltd
- Solid Packk
- Sree Nikhil Plastics
- Sri Anjaneya Polymers India Pvt. Ltd
- Sri Vallabhaneni Industries
- Super Scientific Works Pvt. Ltd
- The Industrial Aids
- Vsk Automations
- Agarwal Packaging Pvt Ltd.
- Bottle Closures
- Chhavi Microfine Products
- Emmennar Pharma Containers Pvt. Ltd
- Globe Scientific Glass Industries
- Impact Metals Ltd
- Kranti Metals Pvt. Ltd
- MSA Shrink Pack Pvt. Ltd.
- Naman Flexipack Industries
- Ohkawa Precision Plastics
- Paran Polymers Pvt. Ltd
- Quality Containers
- Silver Prints
- Spp Polypack Pvt. Ltd.
- Sree Rama Mill Stores
- Sri Laxmi Ganapathi Binding Works
- Sri Venkateswara Material Suppliers
- Tejaswi Packaging Pvt. Ltd
- Universal Marketing

Note: The dues to the above parties have not fallen due for payment pursuant to the arrangements with the said units.

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

Particulars	Rs. in Lakhs	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Profit before taxation as per Profit Loss Account	8040.05	3976.22
Add : 1) Depreciation / Amortisation as per accounts	1823.39	1538.48
2) Managerial Remuneration	82.36	62.50
3) Loss on Sale / Retirement of Assets	10.71	-
Sub - Total	9956.51	5577.20
Less : 1) Depreciation under Section 350 of the Companies Act, 1956	1807.48	1526.34
2) Amortisation of Goodwill	15.91	12.14
3) Profit on Sale of Assets	1.08	2.99
Net Profit under Section 349 of the Companies Act, 1956	8132.04	4035.73
Commission as per Sec 349 @ 0.50% of the net profit as per Companies Act	40.46	20.08
Actual Commission payable to the MD @ 0.50% of the Net Profit (From 01.04.2008 to 16.09.2008)	18.73	20.08

B. Remuneration to Managing Director and Whole Time Directors

Particulars	Rs. in Lakhs			
	Managing Director		Whole Time Directors	
	Year Ended 31.03.2009*	Year Ended 31.03.2008	Year Ended 31.03.2009	Year Ended 31.03.2008
Salary	22.27	38.40	25.15	-
Perquisites and other Benefits	5.44	4.02	3.67	-
Provident Fund & Other Funds	5.36	2.88	1.75	-
Commission	18.73	20.08	-	-
TOTAL	51.80	65.38	30.57	-

*from 01.04.2008 to 16.09.2008

6. Payments to Auditors

S.No.	Particulars	Rs. in Lakhs	
		Year Ended 31.03.2009	Year Ended 31.03.2008
1.	Statutory Audit*	6.00	6.00
2.	Tax Audit*	1.50	1.20
3.	Certification*	3.90	3.46
4.	Out of Pocket Expenses	1.15	0.55
	TOTAL	12.55	11.21

*excludes service tax

7. Expenditure on Research & Development during the year:

Particulars	Rs. in Lakhs	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Capital Expenditure	11.42	45.02
Revenue Expenditure charged to the Profit and Loss Account	94.46	63.28
TOTAL	105.88	108.30

8. The information required by Paras 3 & 4 of Part II of Schedule VI to Companies Act, 1956 is as under:
A. Capacity and Production:

Particulars		Installed Capacity*	Actual Production Including Captive Consumption	
			2008-09**	2007-08**
Pesticides:				
A. Technicals	MT Per Annum	10,668	5,774	5,007
B. Formulations				
- Liquids / Wettables / Granules	KL/MT Per Annum	32,050	17,787	16,984

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

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

** Actual Production includes processed outside.

B. Production, Sales and Stock:

Particulars	Opening Stock		Production		Turnover		Closing Stock	
	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)
Pesticides:								
A. Technicals	280 (449)	1342.80 (2182.11)	*5774 *(5007)	-- --	@ 5662 @ (5176)	29593.07 (16851.46)	392 (280)	1702.80 (1342.80)
B. Formulations								
- Liquids/Wettables/ Granules	812 (766)	902.83 (1601.95)	*17749 (16984)	-- --	#@17220 #@ (16938)	32739.09 (26282.74)	1341 (812)	1576.58 (902.83)

* Includes purchases from outside

@ Includes captive consumption and cleared for outside processing

Includes processed outside

() Figures in brackets relate to previous year

C. Trading Activity

Particulars	Opening Stock		Purchases		Turnover		Closing Stock	
	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)	Qty MT/KL	Value (Rs. in Lakhs)
Traded Products	3 (6)	169.80 (4.11)	1390 (1313)	2615.31 (2658.11)	1328 (1316)	3288.70 (3041.28)	65 (3)	83.10 (169.80)

() Figures in brackets relate to previous year

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

D. Raw Material Consumed

	Unit	2008-09		2007-08	
		Qty	Value (Rs. in Lakhs)	Qty	Value (Rs. in Lakhs)
Raw Material*	MT/KL	38,013	35600.52	36,546	22245.73
TOTAL			35600.52		22245.73

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

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

	2008-09		2007-08	
	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%
Imported	20189.03	56.71	12763.02	57.37
Indigenous	15411.49	43.29	9482.71	42.63
TOTAL	35600.52	100.00	22245.73	100.00

F. Value of Stores and Spares consumed

	2008-09		2007-08	
	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%
Indigenous	568.80	100	412.13	100

G. Value of Imports Calculated on CIF Basis

	2008-09 Value (Rs. in Lakhs)	2007-08 Value (Rs. in Lakhs)
Raw Material	19503.04	11539.71
Traded Goods	-	-
Capital Goods	113.85	447.55

H. Expenditure in Foreign Currency

	2008-09 Value (Rs. in Lakhs)	2007-08 Value (Rs. in Lakhs)
Travelling Expenses	3.13	10.11
Consultancy Charges	66.11	66.07
Others including Commission	133.58	90.01

I. Earnings in Foreign Exchange

	2008-09 Value (Rs. in Lakhs)	2007-08 Value (Rs. in Lakhs)
Export of Goods on FOB basis	26823.04	14300.72

9. Foreign Exchange Fluctuations:

The Net Foreign Exchange Fluctuations debited to Profit and Loss Account is **Rs.227.32 Lacs** (Previous year credited to Profit & Loss Account of Rs. 159.69 Lacs). Foreign Exchange fluctuation gain on Exports of Rs.1222.19 Lacs is credited to Export Sales, Foreign Exchange fluctuation loss on Imports of Rs.708.68 Lacs is debited to Consumption of Raw materials and Foreign Exchange fluctuation loss on Loans & others of Rs.740.83 Lacs is shown under Schedule-L i.e., Administrative, Selling/Distribution & Other Expenses.

10. Segment Reporting

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

11. Related Party Transactions:

A. Names of related parties and description of relationship:

S. No.	Relationship	Party
1.	Holding Company	M/s. GSR Products Limited
2.	Companies under same Management	iKisan Limited Nagarjuna Fertilizers & Chemicals Limited
3.	Key Management Personnel (KMP)	Mr. G. S. Raju, Managing Director (Resigned as on 16.09.2008) Mr. C. M. Ashok Muni, Director & Chief Operating Officer (COO) Mr. Vijayaraghavan, Whole-time Director

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

Sl. No.	Transaction	Holding Company		Companies Under Same Management		Key Management Personnel	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
1.	Sales	-	5.05	-	-	-	-
2.	Purchases	-	74.29	16.79	9.36	-	-
3.	Job Work Charges Paid	190.57	-	-	-	-	-
4.	Conversion Charges Paid	89.19	-	-	-	-	-
5.	Technical Consultancy Paid	12.50	-	-	-	-	-
6.	Building & Godown Rents Paid	-	-	5.37	7.58	-	-
7.	Godown Rent Received	-	-	0.19	1.05	-	-
8.	Managerial Remuneration	-	-	-	-	82.36	65.38

12. Earnings per Share

Sl.No.	Particulars	2008-09	2007-08
a)	Profit/(Loss) after tax during the year (Rs. in Lakhs)	4926.46	2574.55
b)	Earnings available to Equity Shareholders (Rs. in Lakhs)	4926.46	2574.55
c)	No. of Shares taken for computing EPS		
	- Basic	1,48,98,157	1,48,98,157
	- Diluted	1,48,98,157	1,48,98,157
d)	Earnings per Share (Rs.) (b/c)		
	- Basic	33.07	17.28
	- Diluted	33.07	17.28

13. Deferred Taxation

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

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

Particulars	Deferred Tax Asset/(Liability) as on 31.03.2009 (Rs. in Lakhs)	Deferred Tax Asset/(Liability) as on 31.03.2008 (Rs. in Lakhs)
Deferred Tax Asset		
- Provision for Leave Encashment	4.16	38.02
- Deferred Tax Asset	4.16	38.02
Deferred Tax Liability		
- Depreciation	(2275.28)	(2117.19)
- Deferred Tax Liability	(2275.28)	(2117.19)

14. 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. The provident fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall if any shall be provided for.

Contribution to defined contribution plan, recognized is charged off for the year is as follows:

Particulars	Rs. in Lakhs	
	FY 2008-09	FY 2007-08
Employer's contribution to Provident Fund	61.62	51.29
Employer's contribution to Pension Scheme	58.08	54.88

B. Defined Benefit Plan:

Liability for retiring gratuity as on March 31, 2009 is Rs.224.01 Lacs of which Rs.137.92 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.

Rs. in Lakhs

Net Assets / (Liability) recognized in the balance sheet as at 31st March, 2009	Gratuity
Present Value of Obligation	224.01
Fair Value of Plan Liability / (Assets)	137.92
Unrecognised Past Service Cost	NIL
Liability / (Assets) recognized in the Balance Sheet	86.09
Expenses recognized during the year	
Current Service Cost	12.62
Interest Cost	14.53
Expected Return on Plan Assets	NIL
Actuarial (Gain) / Loss	44.76
Past Service Cost	78.37
Net Cost	150.28
Actuarial Assumptions	
Mortality Table of LIC (1994-96)	
Discount Rate (Per Annum)	8%
Rate of escalation in salary (per annum)	4%
Attrition Rate	1%
Retirement Age	58 Years
Average Age	34.55 Years
Average Service	3.75 Years
Average Balance Service Remaining	23.45 Years

The obligation of **leave encashment** is recognized based on actuarial valuation made at the end of each financial year.

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

Signatures to Schedules "A" to "P"

As per our report attached to the Balance Sheet For and on behalf of the Board

For M. BHASKARA RAO & CO.
Chartered Accountants

Anilkumar Mehta
Partner

K. S. Raju
Director

C. M. Ashok Muni
Director & Chief Operating Officer (COO)

Place: Hyderabad
Date : 28th April, 2009

R. K. S. Prasad
Chief Financial Officer

A. S. Pardha Saradhi
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code
 Balance Sheet Date
Date Month Year

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

Public Issue Rights Issue
 Bonus Issue Private Placement

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

Total Liabilities Total Assets
 Sources of Funds
 Paid-up Capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Application of Funds
 Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

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

Turnover (Gross Revenue) Total Expenditure
 Profit/Loss before Tax Profit/Loss after tax
 Earning per Share (in Rs.) Dividend Rate %^a

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

Item Code (ITC Code) Product Description

^aincludes interim dividend of Rs.2/- per share paid during the year.



NAGARJUNA AGRICHEM LIMITED

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

Nagarjuna Agrichem Limited



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

ATTENDANCE SLIP

I hereby record my presence at the 22nd Annual General Meeting of the Company held on 30th July, 2009 at M/s. Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, P. B. No.14, Red Hills, Hyderabad - 500 004.

REGD. FOLIO NO / CLIENT ID

NO. OF SHARES

NAME OF THE SHAREHOLDER (IN BLOCK CAPITALS)

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

NAGARJUNA AGRICHEM LIMITED

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

REGD. FOLIO NO / CLIENT ID

PROXY FORM

NO. OF SHARES

I/We _____ of

_____ being a Member / Members of Nagarjuna Agrichem Limited, hereby

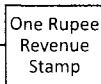
appoint _____ of _____ or failing him

_____ of _____

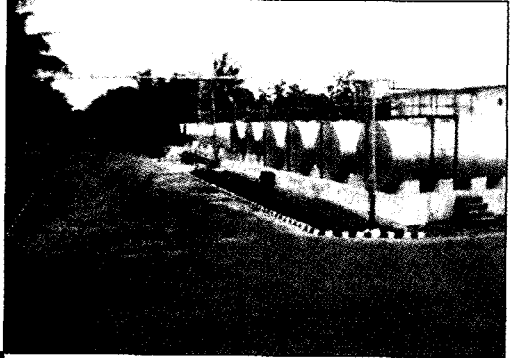
as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held at 10.00 am on Thursday, the 30th July, 2009 at K.L.N. Prasad Auditorium, M/s. Federation of Andhra Pradesh Chamber of Commerce and Industry, Federation House, 11-6-841, P.B. No.14, Red Hills, Hyderabad - 500 004 and at any adjournment thereof.

Signed this _____ day of _____, 2008

Signed by the said _____



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



▶ **GROWING
STEADILY... SURELY...**





If undelivered, Please return to :
NAGARJUNA AGRICHEM LIMITED
Plot No.61, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.