

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11

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.

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, 2011. The report is updated as on the date of the report wherever applicable.

BOARD OF DIRECTORS

(i) Pecuniary Relationship

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

(ii) Composition

The present strength of the Board of Directors is 12 (twelve). The Board consists of eminent persons with considerable professional expertise and experience in setting up and operating agrochemical manufacturing plants and pesticide formulations and in other fields such as finance, accounts, legal and taxation.

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

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

* Leave of absence was obtained from the director.

*# Resigned as Director & COO w.e.f.28-1-2011.

During the year under review, **Four** Board Meetings were held on 26th April, 2010, 30th July, 2010, 28th October, 2010, 28th January, 2011.

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.

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 12 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, 2011 have been processed. The details of share transfers are reported to the Board of Directors.

Further, no penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any statutory authority, on any matter related to capital markets, during the last three years. There are 99 requests for transfer of shares and 273 requests for dematerialization were received during the year.

The Company during April 1st, 2010 to March 31st, 2011 received 506 **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-10)
Mr.K.S.Raju	Chairman	10
Mr.D.Ranga Raju	Member	8
Mr.R.S.Nanda*	Member	10

2. Audit Committee:

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

The quorum of the Committee is 2 members.

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

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

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

The Statutory Auditors, the Internal Auditors were present as invitees for the meetings of the Audit Committee.

The Audit Committee of Directors had met **four** times during the period under review and the meetings were held on 26th April, 2010, 30th July, 2010, 28th October, 2010 and 28th January, 2011. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held 4)
Dr. Nitish K Sen Gupta	Chairman	4
Mr. D. Ranga Raju	Member	4
Mr. Sukhendu Ray	Member	4
Mr. P.K. Mallik	Member	2

3. Banking Committee:

The Banking Committee constituted by the Board consists of Mr. K.S.Raju, Director, Mr. D. Ranga Raju, Director and *Mr. N.Vijayaraghavan, Whole Time 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:

- a) 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.
- b) Availment of working capital facilities/credit facilities by the Company, 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.
- c) To authorise persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.
- d) To authorize closure of Accounts of the Company, with various Banks, as may be occasioned from to time.

During the year the Committee met 2 times. The details of attendance of members of the Banking Committee are as follows:

Name of the Member	Status	No. of meetings attended (Total held –7)
Mr. K.S. Raju	Chairman	2
Mr. D. Ranga Raju	Member	2
Mr. N. Vijayaraghavan**	Member	1

** Inducted as member w.e.f. 28-1-2011 in place of Mr. C.M Ashok Muni, who has resigned as Director & COO.

The quorum of the Committee is 2 members.

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, 2011 comprised of Dr. Nitish K Sengupta, Chairman, Mr. Sukhendu Ray, Member and Mr. P.K. Mallik, Member. The functioning and terms of reference of the Remuneration Committee are as prescribed under the Listing Agreement with the Stock Exchanges and it determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors. The Remuneration of the Directors is approved by the Remuneration Committee and the Board of Directors as per the remuneration policy of the Company.

The Remuneration Committee of Directors had met One time during the period and the meeting was held on 29th October, 2010. The details of attendance of member of the Remuneration Committee are as follows:

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

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, 2010 to March 31st, March 2011 is given below:

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors
Dr. Nitish K Sen Gupta	Rs. 78000
Mr. Sukhendu Ray	Rs. 78000
Mr. P.K. Mallik	Rs. 50000
Mr. K.S. Raju	Rs. 34000
Mr. D. Ranga Raju	Rs. 68000
Mr. K. Rahul Raju	Rs. 4000
Mrs. K. Lakshmi Raju	Rs. 20000
Mr. R.S.Nanda	Rs. 34000
Mr. Sudhakar Kudva	Rs. 34000
Mr. K.Raghuraman	Rs. 24000
Total	Rs. 424000

The details of remuneration paid for the financial year ended 31st March, 2011 to Mr. C. M. Ashok Muni, Director and Chief Operating Officer is as under:

Component	Rs.
Salary	42,90,429
Perquisites and Other Benefits	4,65,844
Contribution to Provident Fund	2,43,429
Performance Linked Incentive	14,00,000
Total	63,99,702

The details of remuneration paid/payable for the financial year ended 31st March, 2011 to Mr. N. Vijayaraghavan, Whole-time Director:

Component	Rs..
Salary	21,70,380
Perquisites and Other Benefits	25,000
Contribution to Provident Fund	1,29,600
Total	23,24,980

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Place
2007-2008	28-07-2008	10.00 A.M	KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad-500 004
2008-2009	30-07-2009	10.00 A.M	KLN Prasad Auditorium of federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad-500 004
2009-2010	30-07-2010	10.00 A.M	KLN Prasad Auditorium of Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad-500 004

During the previous Annual General Meeting of the Company held on 30.07.2010 a Special Resolution Re-appointing Mr. K. Raghuraman as Director and also Re-appointing Mr. N. Vijayaraghavan, as Whole Time Director of the Company has been passed. No other resolution other than this has been passed at the earlier Annual General Meetings.

Further a Notice pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution through Postal Ballot) Rules, 2001, and the consent of the members was obtained by Postal Ballot from the Shareholders dated 14th June, 2010 approving the resolutions under the provisions of Sec.81(1A), 293(1)(d), 293(a), 17 and Sec.149(2A) of the Companies Act, 1956 as contained in the Notice of the Postal Ballot issued to the Shareholders dated 10th May, 2010.

Further there were no Special resolutions requiring a postal ballot is proposed to be placed for the shareholders approval at the forthcoming Annual General Meeting.

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

b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by a Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years. There has been no instance of non-compliance.

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.

UNCLAIMED DIVIDEND

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

MEANS OF COMMUNICATION:

The quarterly / half yearly un-audited and annual audited financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board of Directors. The results were published in Business Line, Financial Express and The Economic Times in English and Andhra Prabha in Telugu (regional language). The results are not posted on the Company's Website but are sent to the Bombay Stock Exchange wherein the same is posted in their website www.bseindia.com. Further as required, these are uploaded in the SEBI's

Website under Electronic Data Information Filing and Retrieval System (EDIFAR) and can be retrieved from the web site www.sebiedifar.nic.in.

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 advise all the persons considered as Insiders on the procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violation.

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. P.K Mallik, Mr. K.S Raju, Mr.Sudhakar Kudva and Mr. R.S Nanda, Directors of the Company, retire by rotation and being eligible seek re-appointment.

On 23rd October, 2010 Mr. N.Vijayaraghavan was re-appointed as Whole-time Director of the Company. On 28th January, 2011 Mr.C.M.Ashok Muni resigned as Director and Chief Operating Officer of the Company.

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

RE-APPOINTMENT OF DIRECTORS

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 led the Group's foray into several core industrial sectors.

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

S.No.	Names of Public Limited Companies
1.	Nagarjuna Fertilizers and Chemicals Limited
2.	Nagarjuna Oil Corporation Limited
3.	Jaiprakash engineering and Steel Company Limited
4.	Nagarjuna Corporation Limited
5.	Himagiri Hydro Energy Private Limited

6.	Himagiri Enterprises Pvt. Ltd
7.	Nagarjuna Oil Refinery Limited
8.	Bhagiradha Chemicals & Industries Limited
9.	Nagarjuna Agricultural Research & Development Institute.
10.	Kanumuru Educational and Knowledge Limited
11.	Kanumuru Properties and Images Pvt.Ltd.
12.	Global Horizan Urban Infra Pvt.Ltd.
13.	Nagarjuna Foundation
14.	The Fertilizers Association of India
15.	KVK Raju International Leadership Academy

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.

S.No.	Names of 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

Mr. Sudhakar Kudva is a Fellow member of the Institute of Chartered Accountants of the India. He has over 35 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.

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 Fertilizers Corporation of India, Mr.R.S 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 Fertilizers' 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. R. S. Nanda was also a Director on the Board of EID-Parry (India) Limited and on the Boards of Godavari Fertilizers & Chemicals Limited, Fertilizers Association of India and Indian Potash Limited. Mr. R.S. Nanda was the Chairman of the Confederation of Indian Industry, Andhra Pradesh State Council for the year 1999-2000 and Chairman of the Fertilizer 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 Fertilizers' and Chemicals Limited and also a Director of Reliance Cellulose Products Limited.

Name and Designation of the Chief Compliance Officer

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

GENERAL SHAREHOLDERS INFORMATION

- a. 24th Annual General Meeting
Venue: LN 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: 12th August, 2011
- b. Listing of Stock Exchange and Stock Code

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

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

- c. **Date of Book Closure:** from 05-08-2011 to 12-08-2011 (both days inclusive)
- d. Financial Calendar for the year 2010-2011. Tentative Schedule

Accounting year	1 st April, 2011 to 31 st March, 2012
First Quarter Un-audited Results	July 2010
Second Quarter Half yearly Un-audited Results	October 2011
Third Quarter Un-audited Results	January 2012
Annual Results (Audited)	Within 3 months of the close of the financial year.
Annual General Meeting	In accordance with Section 166 of the Companies Act, 1956.

e. **Dividend Patterns**

The dividend pattern of the Company is as under:

Year	Dividend (%)
2001-2002	8
2002-2003	10
2003-2004	12
2004-2005 -Interim	15
2004-2005 -Final	7
2005-2006	20
2006-2007 -Interim	20
2006-2007 -Final	20
2007-2008 –Interim -1	10
2007-2008 - Interim- 2	10
2007-2008 - Interim –3	10
2007-2008 – Final	15
2008-2009 - Interim- 1	10
2008-2009 - Interim- 2	10
2008-2009 - Final	30
2009-2010 - Interim -1	20
2009-2010 - Final	30
2010-2011 - Interim	15

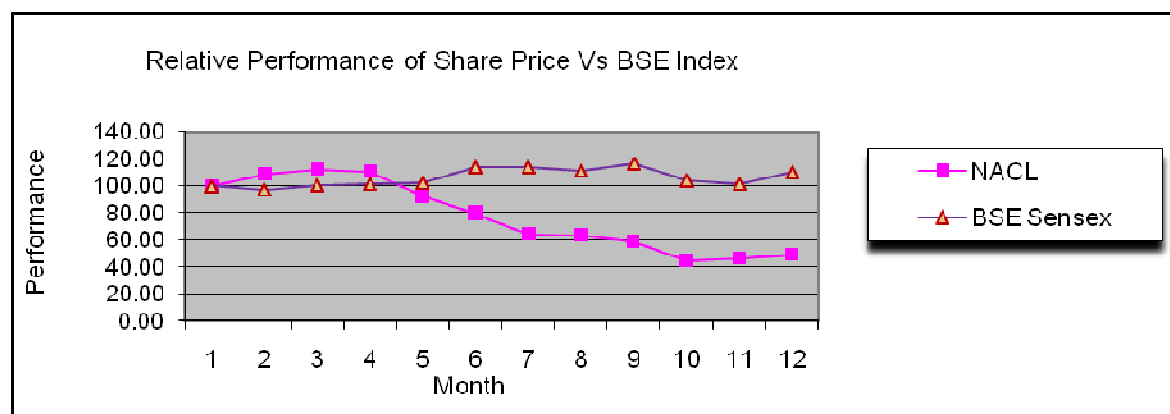
f. Market Price Data – High-Low Quotations on The Stock Exchange, Mumbai during the year April, 1 2010 to March 31, 2011 is as follows:

Month	Bombay Stock Exchange (Rs.)	
	High	Low
Apr10	385.90	261.40
May 10	333.00	284.90
Jun10	338.00	294.00
Jul 10	352.00	290.20
Aug10	298.50	242.20
Sep 10	263.00	209.15
Oct 10	225.90	168.00
Nov 10	229.70	165.55
Dec 10	192.00	155.10
Jan'11	182.90	117.50
Feb 11	155.75	121.50
Mar 11	158.00	129.15

g. Performance in comparison to BSE sensex .

Share Price movement for the period April, 2010 to March, 2011 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
Apr10	261.40	17,558.71	100.00	100.00
May 10	284.90	16,994.63	108.99	96.79
Jun10	294.00	17,700.90	112.47	100.81
Jul 10	290.20	17,868.29	111.02	101.76
Aug10	242.20	17,971.12	92.65	102.38
Sep 10	209.15	20,069.12	80.01	114.29
Oct 10	168.00	20,032.34	64.27	114.09
Nov 10	165.55	19,521.25	63.33	111.17
Dec 10	155.10	20,509.09	59.33	116.80
Jan'11	117.50	18,327.76	44.95	104.38
Feb 11	121.50	17,823.40	46.48	101.51
Mar 11	129.15	19,445.22	49.41	110.74



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.Yashodha Hospital, Somajiguda, Hyderabad – 500 082. Phone Nos. 040-23374967, Fax No. 040-23370295.

Email ID: bsshyd@bigshareonline.com

bogi@bigshareonline.com

DISTRIBUTION OF SHAREHOLDING:

The distribution of shareholding as on 31st March, 2011 was as follows:

Shareholding Range	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
001 - 500	9659	93.48	1166482	7.83
501 - 1000	379	3.67	314293	2.10
1001 - 2000	149	1.44	227815	1.53
2001 - 3000	38	0.37	96381	0.65
3001 - 4000	25	0.24	87549	0.59
4001 - 5000	26	0.25	122872	0.83
5001 - 10000	23	0.23	158509	1.06
10001 - 999999999	33	0.32	12724256	85.41
Total	10332	100	14898157	100

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

Category		No. of Shares Held	% of Shareholding
A	Promoter's holding	11664186	78.29
B	Non-Promoters Holding		
	Institutional Investors		
	a. Mutual Funds and UTI	290665	01.95
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions Non-Govt. Institutions)	500	00.01
	Others (Foreign Institutional Investors)	0	
	c. Private Corporate Bodies	625474	04.20
	d. Indian Public	2220054	14.90
	e. NRIs	97278	00.65
	GRAND TOTAL	1,48,98,157	100.00

SHARES HELD BY NON EXECUTIVE DIRECTORS

The shares held by Non Executive Directors in the Company are

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

DEMATERIALISATION OF SHARES AND LIQUIDITY

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

The break-up of physical and dematerialised shares as on 31st March, 2011:

Mode	No. of shares held	Shareholding %
Demat	14214221	95.41
Physical	683936	04.59
Total	14898157	100

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

CIN Number

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

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

The Whole Time Director and also the Chief Financial Officer of the Company have certified to the Board, in the manner required under the Corporate Governance Code concerning the Annual Financial Statement.

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

Location of Plants

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

Address for Correspondence

The Registered Office of the Company is located at Plot No. 12-A,"C"-Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082.

Telephone No. : 23358217 / 23350235
Fax No. : 23350234
Email id : suresh@nagarjunaagrichem.com
: investors@nagarjunaagrichem.com

By Order of the **Board**

Date: 11th May, 2011
Place: Hyderabad

Dr. Nitish K Sen Gupta
Chairman

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

Industry Structure and Developments:

Of the US 44 billion US dollar global agrochemical Industry, the Indian market is estimated to be around US 1.7 billion dollars and over the years our country has developed a reputation of supplying quality products to the world markets. Indian Agrochemical Industry, with an export of around 1.6 billion dollars, is the fourth largest producer in this segment after USA, Japan and China.

In this context your company plans to intensify its focus on enlarging its contract manufacturing and export business by making synergistic additions to its product portfolio. In the domestic market, it plans to augment its product range for the key crops simultaneously intensifying its level of activity in its already well developed farmer contact programme. A concurrent strategy would be to maximize the productivity of its assets to be able to carry out the above plans with an enhanced and sustainable competitive edge.

Your company is also incorporating elements in its growth strategy to attenuate the negative impact of seasonal vagaries. These will comprise systematic addition of a few fine chemicals and intermediates that will not only provide a growth vector but also stability in its operations.

Opportunities

As the costs of production and controls increase in China, its ability to offer products at lower prices is under pressure creating a positive shift towards India as a preferred global supplier of agrochemicals. Since a large number of molecules will be entering the public domain in the coming years, there exists immense potential for rapid growth for established Indian contract manufacturers.

In the domestic market food security is increasingly becoming a matter of concern caused by static/ declining acreage of crops and burgeoning demand for food grains by the fuel, fibre and feed segments apart from the food need of growing population. Agrochemicals are expected to play a major role in fast growth of productivity in the agriculture sector.

With the average pesticide consumption by the Indian farmer at 5 Kg/ Ha being much lower than the global 10-17 Kg/Ha, it augurs well for the future of agrochemical companies who have a strong farmer reach.

Threats

Aggressive and volatile pricing of the Chinese manufactured inputs for the agrochemicals could lead to unstable manufacturing costs in India. Adoption of alternative systems of combating pests in a few crops could affect the growth in overall off-take. Increase in prices of petroleum products could cause cost escalation a few input items.

Outlook

With the firming up of market and broadening of the product portfolio, outlook for the the export segment is quite positive. Similarly given the forecast of a normal monsoon in 2011,

coupled with the company's increased efforts to reach the farmer with more products, prospects for the domestic operations too look bright.

Risks and Concerns

Agrochemical business in the export segment and, the more rain dependent domestic market are inevitably vulnerable to seasonal vagaries and pest infestation levels. Emergence of new and combination products can dampen the growth of generics.

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, 2011 was 1078. The Company enjoys cordial and harmonious industrial relations. Opportunities for individual growth, creativity and dedicated participation in organizational development are a priority in management objective.

Cautionary Statement

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

On behalf of the Board of Directors
NAGARJUNA AGRICHEM LIMITED

Place: Hyderabad
Date: 11th May, 2011

Dr. Nitish K Sengupta
Chairman