

Press Release

Hyderabad, August 17, 2007:

From,
K S Raju
The Chairman and Managing Director,
Nagarjuna Fertilizers and Chemicals Limited (NFCL),
Hyderabad

Subject: Clarifications from Nagarjuna Fertilizers and Chemicals Limited regarding rumours for the benefit of shareholders and public at large.

Market rumors appear to be fuelling the rise in the price of the NFCL scrip. While the Company is happy at the appreciation in price, it feels it is its duty to inform the present shareholders and the potential shareholders not to base their investment decisions on unfounded rumors. Clarifications from the company are as follows.

Rumor#1 Redevelopment of land at Kakinada as a Real Estate:

The plant is located on the land that it owns and there is no way by which the land can be used for Real Estate Business.

Rumor #2 Resale of Promoters' stake at NFCL:

Promoters' clarify that there is no intention to sell any of their stake in NFCL.

Rumor #3 On decontrol of Urea:

The Government of India has recently notified the NPS Stage III policy. This policy shall be in force till March 2010. Promoters are of the view that during the NPS period there is no possibility of Decontrol of Urea.

Rumor #4 With availability of Gas and International Prices of urea being high, NFCL will make additional profit:

Gas Prices is only a reimbursement of actual costs and hence no additional profits are expected to accrue to NFCL. NFCL's urea pricing is determined by NPS Stage III Policy which is administered by the Government of India and not by the international prices of urea.

Rumor #5 Sale of Nagarjuna Oil Corporation Limited (NOCL):

NFCL does not have any intention to sell NOCL.