



**Nagarjuna Fertilizers  
and Chemicals Limited**

**South India's  
Largest  
Urea  
Producer**



## BOARD OF DIRECTORS

**Uday Shankar Jha**  
Chairman

**Chandra Pal Singh Yadav**  
Nominee of KRIBHCO

**V V S Ravindra**  
Nominee of IDBI Bank

**Lalitha Raghuram**  
Independent Director

**C B Mouli**  
Independent Director (Ceased w.e.f. October 10, 2019)

**Syed Sahabuddin**  
Nominee of SBI (Ceased w.e.f. June 13, 2019)

**Mrs. Girija Bhan**  
Independent Director

**Hon'ble Shri Justice K.C. Bhanu (Retd.)**  
Independent Director

**K Rahul Raju**  
Managing Director

**Registered Office**  
D. No 8-2-248,  
Nagarjuna Hills, Punjagutta,  
Hyderabad - 500 082  
INDIA

**CIN:** L24129TG2006PLC076238

**Website**  
[www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)

### Manufacturing Facilities

**Urea**  
Kakinada, East Godavari Dist,  
Andhra Pradesh

**Micro-Irrigation**  
Nacharam, Hyderabad, Telangana

Sadashivpet Mandal, Medak District,  
Telangana

Halol, Panchmahal Dist.,  
Gujarat

**Statutory Auditors**  
M/s. M Bhaskara Rao & Co.,  
Chartered Accountants  
Hyderabad

**K. Chandra Sekhar Naidu**  
Company Secretary (Ceased w.e.f. July 01, 2019)

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED WILL BE HELD AT 10.00 A.M. ON TUESDAY, DECEMBER 24, 2019 AT KLN PRASAD AUDITORIUM, # 11-6-841, FTCCI BUILDING, FTCCI MARG, RED HILLS, LAKDIKAPOL, HYDERABAD - 500 004 TO TRANSACT THE FOLLOWING BUSINESS:**

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the 13th Annual Report of the Company, Balance Sheet as at March 31, 2019, the Statement of Profit and Loss for the Financial Year ended March 31, 2019, the Cash Flow Statement for the Financial Year ended March 31, 2019, Statement of change in Equity for the year ended March 31, 2019 and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Uday Shankar Jha (DIN: 00056510) who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Chandra Pal Singh Yadav (DIN 00023382) who retires by rotation and being eligible offers himself for re-appointment.
- 4) To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), M/s. M Bhaskara Rao & Co., Chartered Accountants (Registration No. 000459S) be and is hereby appointed as Statutory Auditors of the Company for a term of 2 (two) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the fifteenth Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Company.”

### SPECIAL BUSINESS:

- 5) To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2020.

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), remuneration of Rs. 4 lakhs plus service tax as applicable and reimbursement of out-of-pocket expenses be paid to M/s. Sagar & Associates (Firm Registration No-000118), Cost Auditors, Hyderabad, appointed by the Board of Directors of the Company, to conduct the Cost Audit in relation to the products - ‘Manufactured Fertilizer’ and

‘Micro Irrigation’ of the Company for the Financial Year ended March 31, 2020, be and is hereby approved and ratified”

- 6) To Appoint Mrs. Girija Bhan as an Independent Director.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mrs. Girija Bhan who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 18th Annual General Meeting, not liable to retire by rotation.”

- 7) To Appoint Hon'ble Shri Justice K C Bhanu (Retd) as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Hon'ble Shri Justice K C Bhanu (Retd) who was appointed as an Additional Director of the Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013, who meets the criteria for independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office upto the conclusion of the 18th Annual General Meeting, not liable to retire by rotation.”

- 8) To approve payment of remuneration to Mr. K.S. Raju

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

“RESOLVED THAT in continuation and furtherance of the resolution passed by the Board of Directors on August 09, 2017 and approved by the members of the Company at their Annual General Meeting held on September 26, 2017 and pursuant to the provisions of sections 196, 197, 198 and schedule V of the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to such other approvals and permissions as may be required in this regard, approval of the members be and is hereby accorded for the payment of the following remuneration and perquisites to Mr. K S Raju, during the term of his office and the same also be paid as minimum remuneration in the event of inadequacy or absence of profits in any Financial Year, during his term of office from August 01, 2017 to January 19, 2019.”

1. Salary
  - a. Salary (including dearness allowance and all other allowances) – Rs. 5 lakhs per month.
  - b. Commission : 0.5% of the net profits of the Company, limited to his annual salary.
2. Perquisites
 

Perquisites other than medical reimbursement shall be restricted to an amount equal to the annual salary

  - i. Housing:
    - a. The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
    - b. In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the company; or
    - c. In case no accommodation is provided by the Company, Mr. K S Raju shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.
  - ii. Medical Reimbursement:
 

Reimbursement of the expenses incurred for self and family subject to a ceiling of Rs. 5 lakhs per year.
  - iii. Leave Travel Concession:
 

Leave travel concession for self and family once in a year, incurred in accordance with the Rules of the Company.

Explanation: Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.
  - iv. Club Fees:
 

Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.
  - v. Personal Accident Insurance:
 

Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.
  - vi.
    - a. Company's contribution towards Provident Fund as per the Rules of the Company.
    - b. Gratuity as per the Rules of the Company.
    - c. Company's contribution towards Superannuation Fund as per the Rules of the Company.

The aforesaid perquisites stated in (vi)(a), (vi)

(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

vii. Earned Leave:

On full pay and allowances and perquisites, as per the Rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

viii. Car for use on Company's business and telephone at residence shall not be considered as perquisites."

"RESOLVED FURTHER THAT the remuneration specified above for Mr. K S Raju, Chairman may, subject to overall ceiling specified above and subject to Schedule V of the Companies Act, 2013, be modified as may be agreed to by the Company and Mr. K S Raju, Chairman / Whole Time Director."

"RESOLVED FURTHER THAT the perquisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Mr. K S Raju, Chairman / Whole Time Director

"RESOLVED FURTHER THAT the above remuneration be paid as minimum remuneration for the entire tenure of appointment or for such tenure as may be payable in compliance with applicable provisions of law, subject to such clarifications, notifications or orders as may be issued, from time to time, by Ministry of Corporate Affairs."

9) To approve payment of remuneration to Mr. K. Rahul Raju

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

"RESOLVED THAT in continuation and furtherance of the resolution passed by the Board of Directors on August 09, 2017 and approved by the members of the Company at their Annual General Meeting held on September 26, 2017 and pursuant to the provisions of sections 196, 197, 198 and schedule V of the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to such other approvals and permissions as may be required in this regard, approval of the members be and is hereby accorded for the payment of the following remuneration and perquisites to Mr. K Rahul Raju, during the term of his office and the same also be paid as minimum remuneration in the event of inadequacy or absence of profits in any Financial Year, during his term of office from August 01, 2017 to March 31, 2020."

1. Salary

- a. Salary (including dearness allowance and all other allowances) – Rs. 5 lakhs per month.

- b. Commission : 0.5% of the net profits of the Company, limited to his annual salary.

2. Perquisites

Perquisites other than medical reimbursement shall be restricted to an amount equal to the annual salary

i. Housing:

- a. The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
- b. In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the company; or
- c. In case no accommodation is provided by the Company, Mr. Rahul Raju shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.

ii. Medical Reimbursement:

Reimbursement of the expenses incurred for self and family subject to a ceiling of Rs. 5 lakhs per year.

iii. Leave Travel Concession:

Leave travel concession for self and family once in a year, incurred in accordance with the Rules of the Company.

Explanation: Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.

iv. Club Fees:

Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.

v. Personal Accident Insurance:

Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.

- vi. a. Company's contribution towards Provident Fund as per the Rules of the Company.
- b. Gratuity as per the Rules of the Company.
- c. Company's contribution towards Superannuation Fund as per the Rules of the Company.

The aforesaid perquisites stated in (vi)(a), (vi)(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

vii. Earned Leave:

On full pay and allowances and perquisites, as per the Rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

viii. Car for use on Company's business and telephone at residence shall not be considered as perquisites."

"RESOLVED FURTHER THAT the remuneration specified above for Mr. K Rahul Raju, Managing Director may, subject to overall ceiling specified above and subject to Schedule V of the Companies Act, 2013, be modified as may be agreed to by the Company and Mr. K Rahul Raju, Managing Director."

"RESOLVED FURTHER THAT the perquisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Mr. K Rahul Raju, Managing Director."

"RESOLVED FURTHER THAT the above remuneration be paid as minimum remuneration for the entire tenure of appointment or for such tenure as may be payable in compliance with applicable provisions of law, subject to such clarifications, notifications or orders as may be issued, from time to time, by Ministry of Corporate Affairs."

By Order of the Board

Hyderabad  
November 12, 2019

**Uday Shankar Jha**  
Chairman



## NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

**THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

- 2) The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed hereto.
- 3) Brief profile of Mr. Chandra Pal Singh Yadav and Mr. Uday Shankar Jha, Directors proposed to be appointed/re-appointed along with names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and their relationship with other directors inter-se is annexed here to.
- 4) Brief profile of Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) Independent Directors to be appointed along with names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and their relationship with other directors inter-se is annexed here to
- 5) The Register of Members and the Share Transfer Books will remain closed from December 17, 2019 to December 24, 2019 (both days inclusive).
- 6) Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company, at the Company's Registered Office. Members are requested to note that, in terms of Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956), the dividends which remain unclaimed for a period of seven years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred by the company to the Investor Education and Protection Fund (IEPF), established by the Central Government.
- 7) Pursuant to the provisions of the Companies Act, 2013 and the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund)

Rules, 2016, all shares in respect of which the dividend remains unpaid / unclaimed for seven consecutive years or more shall be transferred by the company, to the demat account of IEPF Authority as notified by the Ministry of Corporate Affairs. Hence the company urges all the shareholders, to take necessary steps, to claim their respective dividend during the prescribed period.

- 8) The Company had paid dividend to the shareholders for the financial year 2011-12 on August 31, 2012. The period of seven years as envisaged in the Companies Act and the rules made thereunder has expired during the month of September, 2019. The Company as required by law has sent notice of intimation of transfer of shares and dividends to the shareholders dated June 30, 2019, and published an advertisement in the news papers as required by law requesting the shareholders to claim the unclaimed / unpaid dividend within the due date as mentioned in the notice.

The Company has transferred the unpaid / unclaimed dividend and corresponding shares to Investor Education and Protection Fund during the month of October 2019. The shareholders may please claim their dividends and shares as mentioned at Point No. 9 below

- 9) Members / claimants whose shares, unclaimed dividend, etc. which have been transferred to the demat account of the IEPF Authority, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee as decided by the IEPF Authority from time to time. Member/ claimant can file only one consolidated claim in a financial year as per the IEPF Rules. Form IEPF- 5 is also available on the website of the Company at viz., [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com) under the 'Investors' section.
- 10) The Securities and Exchange Board of India has notified that the shareholders / transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.
- Accordingly, all the shareholders / transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the Company at Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082, while transacting in the securities market including transfer, transmission or any other corporate action.
- 11) Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their certified copy of PAN at the Company's Registered Office.

- 12) To prevent fraudulent transactions, members are requested to exercise due diligence and notify the Company of any change in address, change / updates in details of bank accounts, or demise of any member as soon as possible, at the company's Registered Office, quoting their ledger folio number registered with the Company. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the depository participant(s) and holdings should be verified. Members whose shareholding is in the electronic mode are requested to inform change of address, notifications and updates of Bank account details to their respective Depository Participants only.
- 13) Members are requested to update the Bank account number allotted after implementation of Core Banking Solutions (CBS) to the Company in case of shares held in physical form and to Depository Participant (DP) in case of shares held in demat form.
- 14) Members holding shares in physical form are requested to consider converting their holding(s) to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company for assistance in this regard.
- 15) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agents, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
- 16) Members / Proxyholders and Authorized representatives are requested to bring to the Meeting, the duly filled in attendance slip(s) enclosed herewith along with their copy of Annual Report. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Act are requested to send to the Company, a certified copy of the Board Resolution authorizing representative to attend and vote on its behalf at the Meeting.
- 17) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.
- 18) As per the provisions of Section 72 of the Act, facility for making nomination is available for the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH-14. Members holding shares in physical form are requested to obtain the nomination forms from the Company. Members holding shares in electronic form may obtain the nomination forms from their respective depository participants.
- 19) The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits Companies to mail electronic copies of the Annual Report to those members who have registered their e-mail addresses with the Company / Depository Participant, unless Members have requested for a hard copy of the same. Accordingly, the Annual Report 2018-19 is being sent in electronic mode to the Members whose email addresses are registered with the Company / Depository Participant unless communication is received to the contrary. Printed copies of the documents shall be mailed to members who have not registered their email addresses with the Company/Depository Participant or have requested for the same. For members who have not registered their email address, physical copies of the Annual Report for FY 2018-19 are being sent in the permitted mode. To support the 'Green Initiative', the members who have not registered their e-mail addresses are requested to register / update the same with Registrars/depository participant(s).  
  
Members requiring a printed copy of the Annual Report may forward their request to the Company in writing.
- 20) Members desiring any information relating to accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready at the Annual General Meeting.
- 21) The Company has paid the listing fees to BSE Limited and The National Stock Exchange of India Limited, Mumbai, where the securities of the Company are listed.
- 22) The Notice of the Thirteenth Annual General Meeting along with the Annual Report 2018-19 is available on the Company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).
- 23) Copies of all documents referred to in the notice and explanatory statement annexed thereto are available for inspection at the Registered Office of the Company during normal business hours on all working days till the date of the Annual General Meeting.
- 24) A route map showing directions to reach the venue of the Annual General Meeting forms part of the Notice.
- 25) Members are requested to address all correspondences, including dividend matters, to Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082.
- 26) The Company has designated an exclusive e-mail ID titled [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com) for redressal of shareholders complaints / grievances. In case of any queries / complaints or unresolved grievances, please write to us at [secretarial@nagarjunagroup.com](mailto:secretarial@nagarjunagroup.com).

- 27) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing remote e-voting facility as an alternative, to enable members to cast their vote electronically on all the resolutions set forth in the Notice to the Thirteenth Annual General Meeting to be held on Tuesday, December 24, 2019 at 10.00 Hours. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide remote e-voting platform to the Members. Facility for voting through Ballot Form shall also be made available at the AGM. Members who have cast their vote by remote e-voting may also attend the meeting but shall not be allowed to vote again at the AGM.

Members holding shares in demat form and Members who have registered their email id with the Company will also receive the remote e-voting instructions by email.

Members who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent on or before close of business hours of December 23, 2019.

Remote e-voting facility will be available on the website [www.evotingindia.com](http://www.evotingindia.com) from Saturday, December 21, 2019 and ends on Monday, December 23, 2019 at 5.00 P.M, after which the facility will be disabled by CDSL and remote e-voting shall not be allowed beyond the said date and time. The notice is also available on the website [www.evotingindia.com](http://www.evotingindia.com).

The voting right of shareholders shall be in proportion to the amount paid up on the total number of shares held by the respective shareholder with the total share capital issued by the company as on the cut-off date i.e. December 17, 2019.

Cut-off date is for determining the eligibility to vote by electronic means or at the meeting. A person who is not a member as on the cut-off date should treat this Notice for information purposes only. A member as on the cut-off date shall only be entitled for availing the remote e-voting facility or vote, as the case may be, in the Annual General Meeting. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting.

**Details of Scrutinizers:** Mr. C S S Krishna, Partner, M/s. K B G Associates, Company Secretaries at 1st Floor, 1-9-309/A, Above Kancheepuram Lavanya Silks, Red Cross Blood Bank Road, Spencer's Vidyanagar Road, Atchuta Reddy Marg, Vidyanagar, Hyderabad - 500 044 has been appointed as the Scrutinizer to scrutinize the

e-voting process in a fair and transparent manner.

The members, who have cast their vote prior to the meeting by remote e-voting may also attend the meeting but shall not be entitled to vote again or change their vote at the meeting.

#### THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- (i) The voting period begins on Saturday, December 21, 2019 and ends on Monday, December 23, 2019 at 5.00 P.M During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of December 17, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>



Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>
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- viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Nagarjuna Fertilizers and Chemicals Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively.

Please follow the instructions as prompted by the mobile app while voting on your mobile.

- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) (i) the letter of appointment of representative(s) of the President of India or the Governor of a State; or
- (ii) the authorisation in respect of representative(s) of the Corporations; shall be received by the scrutiniser/ company on or before close of e-voting.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 5, 6, 7, 8 & 9 of the accompanying Notice.

#### Item No. 5

The company in terms of the provisions of the Companies Act, 2013 is required to undertake audit of its cost records by a Cost Accountant in practice. According to the Board, at its meeting held on May 24, 2019 on recommendation of the Audit Committee, approved the appointment of and remuneration payable to M/s. Sagar & Associates, Cost Auditors, Hyderabad to conduct the audit of the cost records of the Company, for the Financial Year ending March 31, 2020, for the products "Fertilizers (Plant I and 2 at Kakinada) and other Machinery and Plastic and Polymers (Micro Irrigation Products).

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2020 as set out in the resolution, for the services rendered / to be rendered by the Cost Auditor.

None of the Directors and / or Key Managerial Personnel of the Company and / or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 5.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for the approval of the Members.

#### Item No. 6 & 7

The Board of Directors of the Company on November 11, 2019, appointed Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) as Additional Director of the Company.

The Company has received from Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.), the following:

- a) Consent in writing to act as Director in Form DIR- 2
- b) Declaration in Form DIR-8 confirming that he is not disqualified under Section 164(2) of the Companies Act, 2013.
- c) Declaration as per Section 149(6) of the Companies Act, 2013, that he meets the criteria of independence.

It is proposed to appoint Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) as Independent Directors of the Company not liable to retire by rotation upto conclusion of 18th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) fulfills the conditions for appointment as Independent Directors as specified in the Act, Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) are independent of the management.

#### Brief Profile of Mrs. Girija Bhan:-

Mrs. Girija Bhan, is a Management graduate and has over 43 years of work experience in banking, financial consultancy and public sector undertaking. She is specialized in International Trade and has rendered general management consultancy to various private and public undertakings and government departments. She was the head an International Trading company based out of India and is an successful women entrepreneur.

#### Brief Profile of Hon'ble Shri Justice K.C. Bhanu (Retd.):

Hon'ble Shri Justice K.C. Bhanu (Retd.), is a law graduate with over 40 years of experience. He had worked as Assistant Government Pleader and Additional Public Prosecutor for the composite State of Andhra Pradesh. He was a member of State Higher Judicial Service and been a District and Sessions Judge Grade – I and Grade II and elevated as Judge of Hon'ble Hight Court of Andhra Pradesh and passed several landmark judgments as a Judge of High Court.

Details in relations to names of companies in which they holds directorships and Memberships/ Chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed here to.

Copy of the letter of appointment of Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) as Independent Directors setting out terms and conditions are available for inspection by members at the Registered Office of the Company during normal working hours on any working day upto the date of the Annual General Meeting.

None of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions except Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) respectively.

The Board commends the Ordinary Resolutions set out at Item No. 6 & 7 of the Notice for the approval of the Members.

#### Item No. 8 & 9

Mr. K S Raju and Mr. K Rahul Raju were appointed as Chairman and Managing Director of the Company respectively from August 01, 2011 and thereafter re-appointed for a period of three years effective August 1, 2014. Their term of appointment expired on July 31, 2017.

The Board of Directors based on recommendation of Nomination and Remuneration Committee approved the re-appointment of Mr. K S Raju as Chairman and Mr. K Rahul

Raju as Managing Director of the Company for a period of 3 years with effect from August 01, 2017.

In view of the defaults in repayment of its debts/ debentures/ interest payable thereon for a continuous period of thirty days during the Financial Year 2016-17, the proposed remuneration to Mr. K S Raju and Mr. K Rahul Raju is not in compliance with Schedule V to the Companies Act, 2013. The remuneration so paid as stated above requires the approval of the members and Central Government.

Accordingly, the proposal for appointment was palced before the members of the Company for their approval. The members at the Annual General Meeting held on September 26, 2017, has approval the appointment and the remuneration payable to K S Raju as Chairman and Mr. K Rahul Raju as Managing Director of the Company for a period of 3 years with effect from August 1, 2017.

Mr. K S Raju, who was appointed as whole time director and Chairman, for a period of 3 years with effect from August 01, 2017, has retired from the Company with effect from January 19, 2019.

The company has made application to the Central Governement for its approval for Payment of remuneration to Mr. K S Raju and Mr. K Rahul Raju, exceeding the limits provided in Schedule V and the application was pending with the Central Government.

Subsequently, the Ministry of Corporate Affairs, vide notification dated September 12, 2018, notified the Sections (viz., Section 196 of 203 of Companies Act, 2013) pertaining to Managerial Remuneration, as altered vide Companies (Amendment) Act, 2017; and has also altered the relevant Rules and Schedule V to align.

As per the amendment, the approval of Central Government is no longer required for paying remuneration beyond 11% of net profit of the Company. However, in case of companies that have defaulted on payments to Banks, Financial Institutions or any other secured creditor, the government has made it mandatory for prior approval of secured creditors before placing the matter for shareholders' approval at the General Meeting.

Consequent to notification, all the application before the Central Government shall abate and companies are required to obtain requisite approvals for those proposals, from the Members of the company within one year. The fact that, the Company applied for extension of its 13th Annual General Meeting, the matter is part of this Annual General Meeting.

The Company is in the process of obtaining the approval of the financial institutions and consortium of working capital banks for the payment of proposed remuneration as minimum remuneration even in the event of inadequate profit or loss as per the provisions of the Companies Act, 2013, to Mr. K S Raju as Chairman for a period of August 1, 2017 to January 19, 2019 and Mr. K Rahul Raju as Managing Director of the Company for a period of three years effective from August 1, 2017.

The Board commends payment of remuneration to Mr. K S

Raju as Chairman for a period of August 01, 2017 to January 19, 2019 and Mr. K Rahul Raju as Managing Director of the Company for a period of three years effective from August 1, 2017, as per the terms and conditions stated in the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. K S Raju and Mr. K Rahul Raju (being related to each other), for themselves and each other, are concerned or interested in these resolutions.

**Statement of disclosure pursuant to Schedule V to the Companies Act, 2013, in relation to Item No 8 & 9 of the Notice:**

The following disclosures are being made in relation to the payment of remuneration to Mr. K S Raju as Chairman and Mr. K Rahul Raju as Managing Director, respectively

**I. General Information:**

**1. Nature of the Industry**

The Company is in the fertilizer sector and manufactures Urea and Micro-irrigation systems and also is in the business of sale of other fertilizers.

The Company is the second largest manufacturer of Urea in the private sector and is the largest fertilizer manufacturer in South India. The Company is also one of the largest manufacturer of Micro-Irrigation systems in India.

The production and marketing of Urea is controlled under the Essential Commodities Act, 1955. The Company's main product viz Urea continues to be regulated under Government policy.

**2. Date of Commencement of Commercial Production (includes data of Erstwhile NFCL since merged into Kakinada Fertilizers Limited now named as Nagarjuna Fertilizers and Chemicals Limited).**

**a. Urea and ammonia plants.**

The Plant 1 of the Company commenced commercial production in August 1992 and Plant 2 commenced commercial production in March 1998.

**b. Revamp / de-bottlenecking with Carbon-dioxide recovery unit under Clean Development Mechanism of the plants at Kakinada**

During the years 2007 - 2008 the Company carried out a major revamp / de-bottlenecking with carbon-dioxide recovery unit under clean development mechanism of the plants at Kakinada with the technical collaboration with Mitsubishi Heavy Industries Ltd, Japan and Tecnimont ICB Pvt Ltd, Mumbai, which is an Indian subsidiary of Technimont S. P. A., Italy.

**c. Micro Irrigation Plants**

The Company also acquired the Micro irrigation business through a scheme of merger.

The Micro Irrigation Plant at Nacharam commenced commercial production in March 1998, at Sadasivapeta, Hyderabad in December 2009 and at Halol, Gujarat, which merged with Company through a Composite Scheme of merger and amalgamation, in May 2011.

2. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

3. Foreign investments or collaborators, if any.

- a. Foreign Investments

Saipem SPA hold 44 lakhs equity shares of Rs.1/- each aggregating to Rs.44 lakhs which amounts to 0.74 % of the total equity capital of the Company.

As on March 31, 2017 out of the total paid up equity capital, foreign Promoters account for 2.21%, 0.79% to Foreign Institutional Investment and Foreign Portfolio Investment and Non resident Indians hold 0.93% of the total paid up equity capital.

- b. Foreign collaborators

- (i) Urea and ammonia plants.

Technical collaborators:

The Company's ammonia and urea plants were established with Foreign technical collaboration. The ammonia plants were established with technical collaboration of Haldor Topsoe, Denmark and the urea plants were established with the technical collaboration of Saipem, SpA, Italy.

- (ii) Revamp / de-bottlenecking

Revamp / de-bottlenecking under Clean Development Mechanism of the Plants at Kakinada was carried out with technical collaboration with Mitsubishi Heavy Industries Ltd., Japan and Tecnimont ICB Pvt. Ltd., Mumbai.

S Raju was appointed as Chairman and Managing Director of Erstwhile NFCL with effect from April 27, 2006. Mr. K S Raju has been associated with the Erstwhile NFCL since 1985 and the Company since August 2011 and has made significant contributions to the progress of the Company. His experience and expertise would be of immense value to the Company.

Mr. K Rahul Raju entered the Group as the head of Nagarjuna Group's Emerging Business initiatives from 1997 to 2000. In the year 2000 he started Bijam Biosciences Ltd and was its CEO for 4 years. The Company had several firsts to its record. When Erstwhile NFCL entered CDR, Mr. K Rahul Raju was asked to join as Director - Business Development and Strategic Planning of Erstwhile Nagarjuna Fertilizers and Chemicals Limited since 2004 in order to help steer the Company back to profitability. Several initiatives under his leadership have resulted in the Company's re-emergence as a formidable player in the Indian fertilizer industry. He was later appointed to the position of Joint Managing Director w.e.f. November 1, 2008. He was appointed as the Managing Director of the Company from August 1, 2011.

The remuneration proposed to be paid to Mr. K S Raju and Mr. K Rahul Raju is much lower than the industry standards. Mr. K S Raju and Mr. K Rahul Raju besides receiving remuneration for his services as Chairman and Managing Director of the Company respectively do not receive any other monetary or non-monetary benefit from the Company.

- b. Past remuneration

Mr. K S Raju and Mr. K Rahul Raju are presently receiving remuneration of Rs 2.5 lakhs per month respectively and perquisites restricted to an amount equal to annual salary. The proposed re-appointment provides for payment of remuneration of Rs. 5 lakhs per month and perquisites restricted to an amount equal to annual salary

- c. Recognition or awards

--

- d. Job profile and suitability

Mr. K S Raju is a Graduate in Mechanical Engineering from University of Mysore. He started his professional career as Project Manager in NSL Limited and was associated with Erstwhile NFCL since 1987 as Whole-time Director and was appointed as Managing Director in 1993, Vice Chairman in 1994 and Chairman and Managing Director with effect from April 27, 2006. He has been associated with the Company since August 2011 as Chairman and has made significant contributions to the progress of the Company.

Mr. K Rahul Raju is a Honors Graduate in

## II. Information about the appointee:

- a. Background details

Mr. K S Raju is a Graduate in Mechanical Engineering from University of Mysore. He started his professional career as Project Manager in NSL Limited (formerly Nagarjuna Steels Limited and now merged with Pennar Steels Limited). He was appointed the Whole-time Director of Erstwhile Nagarjuna Fertilizers and Chemicals Limited in the year 1987 and was appointed as Managing Director in 1993 and Vice Chairman in 1994. Mr. K



Commerce, Post Graduate Diploma in Management and has over 20 years experience. He has been associated with the Erstwhile NFCL since 1997 as Whole-time Director and Managing Director of the Company since August 2011 and made significant contribution to Erstwhile NFCL and the Company.

- e. Remuneration proposed to Mr. K S Raju and Mr. Rahul Raju

Salary : Rs.5.00 lakhs p.m. (including dearness allowance and all other allowances)

Commission : 0.5% of the net profits of the Company, limited to annual salary

Perquisites : restricted to an amount equal to the annual salary.

- f. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

The remuneration being paid to Mr. K S Raju and Mr. K Rahul Raju is much lower compared to the fertilizer industry standards and companies of similar size and turnover. i.e., is around 25% of the remuneration being paid by similar fertilizer companies to their managerial personnel.

- g. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Mr. K S Raju and Mr. K Rahul Raju are related to each other.

Other than the remuneration proposed they does not receive any other pecuniary benefits.

### III. Other Information:

- (1) Reasons for loss -

The Company recorded losses during the previous Financial Year on account of lower production of Manufactured urea due to short supply of Natural Gas by GAIL and RIL during quarter 1 and plants shutdown during quarter 4 resulting in contribution loss and energy incentive loss. Further, lower demand for Urea, Specialty Fertilizers and CFG coupled with lower sales of Micro Irrigation due to lack of project orders and recognition of Income as per Ind AS

- (2) Steps taken or proposed to be taken for improvement

The Company's plants continue to operate efficiently and the fertilizers operations of the Company are viable and profitable. Owing to the reasons stated above, the Company has incurred a loss and the Company proposes to improve its profitability by taking measures such as

- Make efforts to secure additional availability of Natural Gas.
- Improve energy efficiency
- Further improve the operations of the

Company

- d. Cost control

- (3) Expected increase in productivity and profits in measurable terms.

The availability of additional Natural Gas will result in increase in the production and consequent increase in profit.

The energy efficiency would also improve and this would lead to higher productivity and profits.

The Company also proposes to take adequate measures to control costs.

### IV. Disclosures:

The following disclosures are mentioned in the Corporate Governance Report for the Financial Year 2018-19.

The details are as under :

- (i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;

- (a) the Executive Directors are entitled to the following remuneration :

- (1) Salary : Rs.5.00 lakhs p.m. (including dearness allowance and all other allowances)

- (2) Perquisites : restricted to an amount equal to the annual salary.

- (3) Commission : 0.5% of the net profits of the Company, limited to annual salary

- (b) the Non-Executive Directors are not entitled to any remuneration except payment of Sitting Fees of Rs.15,000/- per Board / Committee Meetings, attended by them.

- (ii) details of fixed component and performance linked incentives along with the performance criteria : Nil

- (iii) service contracts, notice period, severance fees : The Managerial Personnel are subject to service Rules as other employees of the Company. The Rules and Regulations governing service contracts, notice periods and severance fees are detailed in the H R Policy of the Company.

- (iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Not applicable as no stock option schemes are provided.

The Board commends the Special Resolutions set out at Item No. 8 & 9 of the Notice for the approval of the Members.

By Order of the Board

**Uday Shankar Jha**  
Chairman

Hyderabad  
November 12, 2019

## ANNEXURE TO ITEM No. 2 & 3 OF THE NOTICE

**Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting  
(in pursuance of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

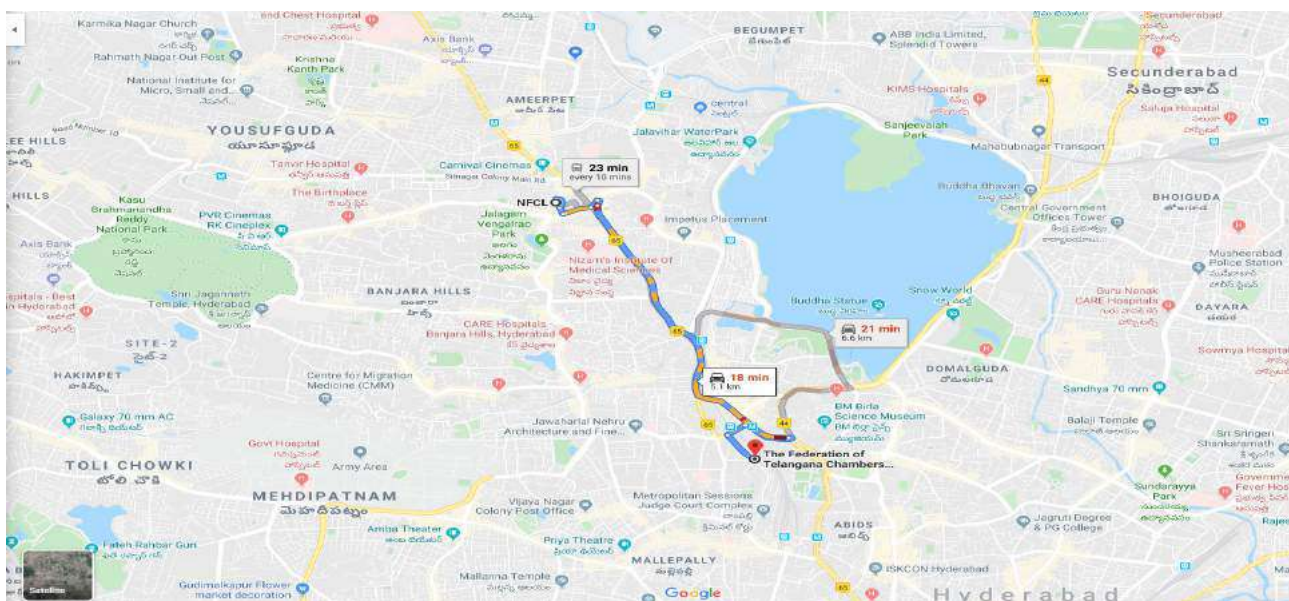
Name of the director	Mr. Uday Shankar Jha	Mr. Chandra Pal Singh Yadav
Director Identification Number (DIN)	00056510	00023382
Date of Birth	June 16, 1950	March 19, 1959
Age	70 Years	61 Years
Nationality	Indian	Indian
Date of Appointment	August 06, 2016	September 29, 2016
Qualification	M.Sc., Physics	M.Sc, B. Ed, LLB
Expertise in specific functional areas	Mr. Uday Shankar Jha has M.Sc. in Physics. He has attended various short term and long term courses on logistics, marketing and management in various Institutions within India and abroad. He has presented papers in National and International seminars, chaired several technical sessions in various seminars both within and outside India.  Mr. Uday Shankar Jha has a vast Board experience in Rashtriya Chemicals and Fertilisers Ltd (RCF) as Chairman, Rajasthan RCF (RRCF) as Chairman among others	He is a Doctorate and a Law Graduate. Mr. Chandra Pal Singh, Member of Rajya Sabha is a grass-root Corporator. He has been Member of Legislative Assembly, UP
Shareholding in the Company	Nil	Nil
List of Directorships held in other Companies	Jaiprakash Engineering and Steel Company Limited	<ul style="list-style-type: none"> <li>• Nagarjuna Oil Refinery Limited</li> <li>• Krishak Bharati Co-operative Limited</li> <li>• National Coop. Union of India</li> <li>• Kribhco Infrastructure Ltd.</li> <li>• Continental Multimodal Terminals Ltd.</li> <li>• Bundelkhand Krishi Utpadan Vipnan Sehkar Samiti</li> <li>• National Agricultural Cooperative Marketing Federation (NAFED)</li> <li>• Co-operative Bank of India</li> <li>• Gramin Vikas Trust (GVT)</li> <li>• Kisan Bahudesiya Vipnan Sehkar Samiti Ltd.</li> <li>• The Anupama Coop. Veg. &amp; Fruit Growers Mktg. Society Ltd.</li> <li>• National Coop. Consumer Federation of India Ltd. (NCCF)</li> <li>• National Federation of Urban Coop. Banks &amp; Credit Societies (NAFCUB)</li> <li>• General Council of NCDC</li> <li>• National Film &amp; Fine Arts Coop. Ltd. (NAFFAC)</li> <li>• KRIBHCO Fertilizers Limited</li> </ul>
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including the Company's	<p>Nagarjuna Fertilizers and Chemicals Limited</p> <ul style="list-style-type: none"> <li>• Audit Committee</li> </ul> <p>Jaiprakash Engineering and Steel Company Limited</p> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Nomination and Remuneration Committee</li> </ul>	<p>National Cooperative Union of India</p> <ul style="list-style-type: none"> <li>• Executive Committee</li> </ul> <p>Krishak Bharati Co-op Limited</p> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Executive Committee</li> </ul> <p>National Agricultural Cooperative Mktg. Federation (NAFED)</p> <ul style="list-style-type: none"> <li>• Executive Committee</li> </ul>
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company

## ANNEXURE TO ITEM NO. 6 & 7 OF THE NOTICE

Details of Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting (in pursuance of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of the director	Hon'ble Shri Justice K.C. Bhanu (Retd.)	Mrs. Girija Bhan
Director Identification Number (DIN)	08608297	08608192
Date of Birth	July 15, 1953	April 04, 1951
Age	66 Years	68 Years
Nationality	Indian	Indian
Date of Appointment	November 11, 2019	November 11, 2019
Qualification	B.A, B.L	MBA
Expertise in specific functional areas	Shri Justice K C Bhanu, is a law graduate with over 40 years of experience in the field of law. He had worked as Assistant Government Pleader and Additional Public Prosecutor for the composite State of Andhra Pradesh. He was a member of State Higher Judicial Service and been a District and Sessions Judge Grade – II and Grade I and elevated as Judge of Hon'ble High Court of Andhra Pradesh and passed several landmark judgments as a Judge of High Court.	Mrs. Girija Bhan, is a Management graduate with and has over 43 years of work experience in banking, financial consultancy and public sector undertaking. She is specialized in Internal Trade and has rendered general management consultancy to various private and public undertakings and government departments. She was the head an International Trading company based out of India and is an successful women entrepreneur.
Shareholding in the Company	Nil	Nil
List of Directorships held in other Companies	-	-
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including the Company's	-	Nagarjuna Fertilizers and Chemicals Limited <ul style="list-style-type: none"> <li>Audit Committee - Member</li> <li>Stakeholders Relationship Committee – Member</li> <li>Nomination and Remuneration Committee - Member</li> </ul>
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company

### Route Map (From Registered Office of the company to the venue of Annual General Meeting)



## DIRECTOR'S REPORT

Dear Members,

Your Directors present the Thirteenth Annual Report on the business and operations of NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED ("NFCL") together with the Audited Financial Statements of your Company for the year ended March 31, 2019 and other accompanying reports, notes and certificates.

### A. BUSINESS AND FINANCIAL HIGHLIGHTS

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016, with transition date from April 1, 2015. Accordingly, the financial reports for current financial year 2018-19 and previous financial year 2017-18 have been prepared as per Ind AS reporting frame work. The Financial Results and the Consolidated Financial Results of the Company for the year ended March 31, 2019 are as under:

Standalone Financial Results			Consolidated Financial Results		
Rs. in Crores			Rs. in Crores		
Particulars	2018 – 2019 Current year	2017 – 2018 Previous year	Particulars	2018 – 2019 Current year	2017 – 2018 Previous year
Net Sales/Income from Operations	1940.35	3,923.68	Net sales/income from operations	1940.35	3,923.68
Other Income	26.47	44.97	Other income	26.48	44.98
Total Expenditure			Total expenditure		
a. Changes in inventories of finished goods, stock-in-trade and work in progress	35.49	66.05	a. Changes in inventories of finished goods, stock-in-trade and work in progress	35.49	66.05
b. Cost of materials consumed	709.42	1,381.46	b. Cost of materials consumed	709.42	1,381.46
c. Employee Benefits expense	157.45	173.50	c. Employee Benefits expense	157.45	173.52
d. Purchase of Stock-in-Trade	258.56	458.54	d. Purchase of Stock-in-Trade	258.56	458.54
e. Power and Fuel	599.94	1,002.43	e. Power and Fuel	599.94	1,002.43
f. Excise duty	-	2.28	f. Excise Duty	-	2.28
g. Other expenses	317.17	513.44	g. Other expenses	317.17	513.45
Total	2,078.03	3,597.70	Total	2,078.05	3,597.73
Finance cost	307.99	308.21	Finance cost	307.99	308.21
Depreciation and amortization	88.83	89.28	Depreciation and amortization	88.83	89.28
Profit/ (Loss) before exceptional items, and tax	(508.03)	(26.54)	Profit/ (Loss) before exceptional items and tax	(508.04)	(26.56)
Exceptional Items	18.86	-	Exceptional Items	18.86	-
Profit/(Loss) before tax	(526.89)	(26.54)	Profit/ (Loss) before tax	(526.90)	(26.56)
Provision for tax	0.00	0.57	Provision for tax	0.00	0.57
Deferred tax	(36.16)	(5.59)	Deferred tax	(36.16)	(5.59)
Profit / (Loss) after tax	(490.73)	(21.52)	Profit / (loss) after tax before minority interest	(490.74)	(21.54)
Other Comprehensive income (net of tax)	(0.08)	2.41	Share of Loss transferred to Minority Interest	(0.00)	(0.00)
Total Comprehensive income	(490.65)	(19.11)	Share of Loss from Associate Company	-	-
Dividend – equity shares	-	-	Profit / (Loss) for the year	(490.74)	(21.54)
Tax on proposed dividend	-	-	Other Comprehensive income (net of tax)	8.44	2.41
Balance c/d to Balance Sheet	(490.65)	(19.11)	Total Comprehensive income	(490.65)	(19.12)
Paid Up equity share capital (Face value of Re.1/- per share)	59.81	59.81	Dividend-equity shares	-	-
Reserves excluding revaluation reserve	522.82	1,013.47	Tax on proposed dividend	-	-
Earnings per share (annualized) – in Rs.			Balance c/d to Balance Sheet	(490.65)	(19.12)
Basic and Diluted	(8.21)	(0.36)	Paid-up equity share capital (Face value of Re.1/- per share)	59.81	59.81
			Reserves excluding revaluation reserve	527.29	1013.41
			Earnings per share (annualized) – in Rs.		
			Basic and Diluted	(8.21)	(0.36)



## Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA) vide its Notification dated February 16, 2015, has made the application of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS Rules) effective for certain categories of companies from accounting periods beginning on or after April 01, 2016.

The Audited Financial Statements of the Company drawn up both on standalone and consolidated basis for the financial year ended March 31, 2019 are in accordance with the requirements of the Ind-AS Rules. Figures for the previous year have also been re-stated in line with the requirements of the above Rules.

In the preparation of Financial Statements for FY2019, there is no treatment of any transaction which is different from that prescribed in the Indian Accounting Standards (Ind AS) notified by the Government of India under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, the guidelines issued by SEBI and other accounting principles generally accepted in India.

## Financial Summary

The loss after tax for the year was Rs. 490.73 crore as against Rs. 21.52 crore for the previous year. Due to financial stress, the company has operated only one Plant in last 3 quarters of financial year, and Plant - I could be operated partially during the 2018-19. Consequently, the production during the year was lower and increase in energy cost.

## Share Capital

The Paid-up Equity Capital of the Company as on March 31, 2019 is Rs.59,80,65,003/- consisting of 59,80,65,003 Equity Shares of Re.1/- each.

## Transfer to Reserves

There has been no transfer to General Reserves during the Financial Year 2018-19 in view of losses incurred by the Company.

## Dividend

Considering the operating performance for the financial year ended on March 31, 2019, your Directors do not recommend any dividend for the year.

## Plant Operations

### Urea

Your Company during the year manufactured 5.85LMT of urea as against 15.90 LMT in the previous year. The production for the year 2018-19 is less by 10.05 Lakh LMT compared to the previous year. The negative variance is due to shutdown of Unit I from 3rd Jul 2018 to 22nd Dec 2018 and shutdown of Unit II from 3rd Jul 2018 onwards for Annual turnaround and financial stress due to inadequate availability of Fund Based and Non-Fund based working capital facilities from Banks.

### Micro-Irrigation

Your Company achieved a production of 959 Lakh Mtrs against

1271 Lakh Mtrs during the previous year. PVC pipes production of 1927.1 metric tons against 2704.27 metric tons during the previous year.

## MARKETING

### Urea

Your Company achieved a sale of manufactured urea of 6.38 LMT compared to 15.99 LMT in the previous year.

The total urea sales for both manufactured and imported urea was 8.85 LMT compared to 20.83 LMT of previous year.

### Other Traded Products

Due to financial stress the Company has scaled down its operations in trading. Given below is the segment wise performance :

### Specialty Fertilizers

Your Company sold 8650 MT of Specialty Fertilizer during the year in comparison with sales of 20847 MT during the previous year.

### Micro-nutrients

Your Company sold 2842 MT of Micro-nutrients during the year in comparison with sales of 5391 MT during the previous year.

### Supplements

Your Company sold 7233 MT of Supplements during the year in comparison with sales of 28805 MT during the previous year.

### Customized Fertilizers

Your Company sold 14126 MT of Customized Fertilizers during the year in comparison with sales of 18625 MT during the previous year.

The Company has been using Nagarjuna Brand / Trademarks under a License Agreement dated January 29, 1998.

## Environment and Safety

### Environment

Your Company continues its mission of protecting the environment and has inculcated the concept right down the organization. The statutory compliance on environmental matters is being complied from time to time.

### Health & Safety

By following the best practices and with adoption of international standards and procedures, Plant Operations continued without any accident during the year. Your Company as on March 31, 2019 completed 1,52,77,403 accident free man-hours by employees and contractors of the Company.

Further to strengthen the procedures and practices, MAH inspection at Ammonia Storage Tanks and Cooling Towers Area, Safe Work Practices Audit, PPE Audit etc., were conducted. Refresher Training has been given to Rescue Squad and basic Fire Fighting techniques to Associates.

### Energy Saving Schemes Implementation at NFCL, Kakinada

The Company is taking necessary steps in relation to the

revised Energy Norms and Target set by Department of Fertilizers (5.50 Gcal/MT Urea from 2020-21 onwards).

## Resolution Plan (RP)

### A. Background for Debt Restructuring

After a decade of focused turn around by 2013 from a pure Urea producer, NFCL had become India's largest private sector fertilizer company by sales volume (with a pan India presence). The company was also the most profitable urea manufacturing company (per metric tonne of urea produced) and the fastest growing and the most profitable micro irrigation company in the country.

### B. Reasons for financial stress and status on debt resolution

1. During the year 2014 - 15 on account of a GAIL pipeline accident, the company could not continue urea production and started incurring losses.
2. The company's lenders approved a Corrective Action Plan (CAP) during the year 2015 and a short term debt resolution plan (RP) in 2018 but due to non-release of the working capital and working capital term loans agreed to/approved under CAP and RP, the company continued to incur losses.
3. The company's financial stress is purely on account of external factors, and recognized by the government as well as its lenders. The company is working closely with lenders and other agencies, to complete the debt resolution process during the year 2019-20, along with financing urea capital expenditure for reliability and energy reduction.

### C. Cost Saving Programmes

1. Closure of Non-Core Divisions : The Company has decided to focus on Urea and Micro Irrigation manufacturing and distribution business and has decided to and closed down its Research, Development and Projects Divisions and has outsourced and closed down its Ikisan division during the first quarter of 2019- 20.
2. Additionally, the Company has substantially reduced Fixed Costs through various cost reduction initiatives across the Company.
3. The Company would be disposing noncore assets in a scheduled manner to contribute towards its planned Debt Restructuring Program.

## Change in the nature of business

During the year, there was no change in the nature of business of the company.

## Subsidiaries, Joint Ventures or Associate Companies

During the year under review the company has only one subsidiary viz., Jaiprakash Engineering And Steel Company Limited (a company incorporated under Companies Act, 1956 bearing CIN U00337KA1993PLC014694 having its Registered Office at 510, 3RD A Cross, 2nd Main, 3rd Block Rajmahal Vilas-II, Dollars Colony, Bangalore-560094, Karnataka.

The company has two Associate Companies viz., Nagarjuna Agricultural Research And Development Institute Private Limited (A company incorporated under Companies Act, 1956 bearing CIN U29100TG1995NPL022409 and having its registered office at Nagarjuna Hills, Punjagutta Hyderabad – 500082, Telangana) and K V K Raju International Leadership Private Limited (a company incorporated under Companies Act, 1956 bearing CIN U51100TG1995PLC022410 and having its registered office at Nagarjuna Hills, Punjagutta Hyderabad – 500082, Telangana).

There is no change in the status of subsidiary or associate companies during the year under review. There is no material fact that requires mention on the performance and financial position of the Subsidiary and Associate Companies.

## Accounts of Subsidiaries

Consolidated Financial Statements incorporating the accounts of the Subsidiary Company are enclosed along with the Financial Statements of the Company. Jaiprakash Engineering And Steel Company Limited is not a material subsidiary whose income or net worth in the immediately preceding accounting year does not exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries as per the thresholds laid down under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

Statement containing salient features of the Financial Statement of Subsidiary / Associate Companies appears as **Annexure I** to this Report.

There is no material fact that requires mention on the performance and financial position of the Jaiprakash Engineering and Steel Company Limited as the subsidiary is considering implementing various projects to utilize the available land appropriately and gainfully.

The Financial Statements of the Subsidiary and Associates are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Companies Act 2013. The Company shall provide free of cost, a copy of the financial statements of its subsidiary companies to the Members upon request. The Financial Statements of the Subsidiary and Associate Companies are also available on the website of the Company at <http://www.nagarjunafertilizers.com/investor.htm>.

## Material changes and commitments

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of the Report.

## B. DIRECTORS, BOARD COMMITTEES, KEY MANAGERIAL PERSONNEL AND REMUNERATION

### Directors

#### Retirement of Mr. K S Raju, Chairman.

Mr. K S Raju, Chairman of the Company has retired from the

Company with effect from January 19, 2019.

The Board placed on record its appreciation for the distinguished service and contributions made by Mr. K S Raju, in various capacities to the company, since its inception and also to that of the industry, and awarded him the honorary title of "Chairman Emeritus".

#### **Appointment of Mr. Uday Shankar Jha as Chairman**

The Board has appointed Mr. Uday Shankar Jha, Independent Director, as the Chairman of the Board as the Nominee of the Core Promoter with effect from January 19, 2019.

Mr. Uday Shankar Jha, who was originally appointed as Independent Director on the Board, has been changed to Non-Executive Director consequent to his appointment as the Chairman of the Board as the Nominee of Promoter.

#### **Nominee Director**

##### **Appointment**

During the year under review, IDBI Bank Ltd, has nominated Mr. V V S Ravindra, as its Nominee on the Board of the Company with effect from November 09, 2018.

##### **Resignation**

Mr. Syed Shahabuddin, Nominee of SBI has resigned from the office of directorship with effect from June 13, 2019.

The Board placed on record its appreciation for the services and contributions made by Mr. Syed Shahabuddin, during his tenure as the Director of the Company.

#### **Independent Directors**

##### **Resignation of Dr. NCB Nath**

Dr. N C B Nath, Director of the Company resigned from the Directorship with effect from December 03, 2018.

The Board placed on record its appreciation for the services and contributions made by Dr. NCB Nath, during his tenure as the Director of the Company.

##### **Demise of Capt. Hariharan Ramanathan**

Capt. Hariharan Ramanathan, Independent Director of the Company, passed way on November 13, 2018.

The Board expressed its condolences to Capt. Hariharan Ramanathan's family, at his demise.

The Board placed on record its deep appreciation for the services rendered by Capt. Hariharan Ramanathan, during his tenure as Director of the Company.

##### **Resignation of Mr. C.B. Mouli**

Mr. C B Mouli, Director of the Company resigned from the Directorship with effect from October 10, 2019.

The Board placed on record its appreciation for the services and contributions made by Mr. C B Mouli, during his tenure as the Director of the Company.

##### **Appointment of Mrs. Girija Bhan and Hon'ble Shri Justice K C Bhanu (Retd)**

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Mrs. Girija Bhan and Hon'ble Shri Justice K C Bhanu (Retd) have been appointed as Additional Directors and Independent Directors by the Board of Directors on November 11, 2019. It is proposed to appoint Mrs. Girija Bhan and Justice Shri K.C. Bhanu (Retd.) as Independent Directors of the Company not liable to retire by rotation upto the conclusion of 18th Annual General Meeting pursuant to the provisions of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The proposed appointments are being placed before the members for their approval.

During the year under review there is no change in the Composition of Board of Directors except mentioned above.

#### **Key Managerial Personnel**

##### **Resignation of Company Secretary**

Mr. K Chandra Sekhar Naidu, Company Secretary and Compliance Officer has resigned from the Company with effect from July 01, 2019

##### **Resignation of Chief Financial Officer**

Mr. H Muralidhar, Chief Financial Officer and Key Managerial Personnel, has resigned from the Company with effect from November 01, 2019.

##### **Retiring by Rotation**

In terms of the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the company Mr. Uday Shankar Jha and Mr. Chandra Pal Singh Yadav, retire at the forthcoming Annual General Meeting and being eligible, offers themselves for reappointment. The Board of Directors recommend the reappointment of Mr. Uday Shankar Jha and Mr. Chandra Pal Singh Yadav, as directors liable to retire by rotation, for consideration of the Members.

##### **Declaration by Independent Directors**

The Independent Directors have submitted their declaration to the Board that they fulfill all the requirements of independence so as to qualify as an Independent Director under Section 149(6) of the Companies Act, 2013 as well as Regulation 25 of Listing Regulations.

##### **Executive Directors**

Mr. K S Raju, Chairman has been appointed for a period of three years as an Executive Director w.e.f. August 01, 2017. Mr. K.S. Raju subsequently retired from the Company with effect from January 19, 2019.

Mr. K Rahul Raju, Managing Director, has been appointed for a period of three years as an Executive Director w.e.f. August 1, 2017.

The details of Directors being recommended for appointment or re-appointment pursuant to Regulation 36(3) of the Listing Regulations are contained in the Corporate Governance Report being annexed to Board's Report.

### Key Managerial Personnel

The following are the Key Managerial Personnel of the Company as defined under Sections 2(51), 203 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on date of this report:

- a) Mr. K. Rahul Raju, Managing Director
- b) Mr. H Muralidhar as Chief Financial Officer (resigned w.e.f November 01, 2019)
- c) Mr. K Chandra Sekhar Naidu, Company Secretary (resigned w.e.f July 01, 2019)

### Meetings of the Board

The Board of Directors of the Company had met five times during the year on May 25, 2018, July 27, 2018, November 09, 2018, January 19, 2019 and February 8, 2019.

### Remuneration and other particulars of the Directors/ Key Managerial Personnel/ Employees

The information relating to remuneration and other particulars of the Directors / Key Managerial Personnel / Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 appears as **Annexure – II(a)**.

### Personnel

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules appears as **Annexure – II (b)**.

### Familiarization Programme and Performance Evaluation

Details of the Familiarization Programme and Performance Evaluation are incorporated in the Corporate Governance Report.

### Remuneration Policy

The salient features of the policy on director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act, 2013, adopted by the Board, is appended as **Annexure VII** to the Board's report. The Nomination and Remuneration Policy may be accessed on the Company's website at the link: [http://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

## COMMITTEES

### Audit Committee

The Audit Committee of the Board of Directors is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The terms of reference are in compliance with the provisions of the Law.

The Chairman of the Committee is Mr. C B Mouli, an Independent Director as on March 31, 2019 and the Committee consists of two Independent Directors, and one Nominee Director. The Board has accepted all the recommendation made by the Audit Committee.

The Committee meets periodically to review the internal audit report, quarterly unaudited financial statements and annual audited financial statements and recommends its findings to the Board apart from taking action independently whenever required. The Statutory Auditors, Company Secretary, Internal Auditor and Cost Auditors attend and participate in the Audit Committee Meetings.

The Audit Committee comprises of

Mr. C B Mouli <sup>#</sup>	Chairman and Independent Director
Mrs. Lalitha Raghuram	Member and Independent Director
Mr. Uday Shankar Jha	Member and Chairman
Mr. Syed Shahabuddin <sup>*</sup>	Member and Nominee Director
Mrs. Girija Bhan <sup>@</sup>	Member and Independent Director

<sup>\*</sup> Ceased to be a Member with effect from June 13, 2019.

<sup>#</sup> Ceased to be a Member with effect from October 10, 2019.

<sup>@</sup> Inducted as a Member with effect from November 11, 2019.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted a Nomination and Remuneration Policy with effect from October 1, 2014 for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Nomination and Remuneration Committee comprises of:

Mr. C B Mouli <sup>*</sup>	Chairman and Independent Director
Mrs. Lalitha Raghuram	Member and Independent Director
Mr. V V S Ravindra	Member and Nominee Director
Mrs. Girija Bhan <sup>@</sup>	Member and Independent Director

<sup>\*</sup> Ceased to be a Member with effect from October 10, 2019.

<sup>@</sup> Inducted as a Member with effect from November 11, 2019.

### Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted with effect from April 22, 2014 in compliance with the provisions of the Companies Act, 2013 and Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee reviews and ensures redressal of investors' grievances.



The Stakeholders Relationship Committee comprises of:

Mr. C B Mouli*	Chairman and Independent Director
Mrs. Lalitha Raghuram	Member and Independent Director
Mr. V V S Ravindra	Member and Nominee Director
Mrs. Girija Bhan®	Member and Independent Director

\*Ceased to be a Member with effect from October 10, 2019.

® Inducted as a Member with effect from November 11, 2019.

### Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of three members, of which one is an Independent Director. The Chairman of the Committee is an Independent Director.

The Corporate Social Responsibility Committee comprises of:

Mrs. Lalitha Raghuram	Chairman and Independent Director
Mr. K Rahul Raju	Member and Executive Director
Mr. V V S Ravindra	Member and Nominee Director

## D. DISCLOSURES

### Company Policy Matters

Your Company's endeavor has always been to maintain transparency and accountability to its stakeholders. In this direction, various policies mentioned in the Corporate Governance Report have been implemented to enable the stakeholders to appreciate the various interventions the Company has taken.

The implementation of these policies are reviewed periodically by the Board of Directors and updated regularly.

The Company has set up a Grievance Redressal Mechanism for all its associates. The Grievance Redressal Mechanism is aimed to redress the grievances of associates expeditiously to ensure good working atmosphere and culture in the organization.

The Company has drawn-up Policy on Bio-diversity, Gift Policy, Health Safety and Environment Policy and Human Rights Policy.

### Risk Management Policy

Even though, Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to the Company, the Board of Directors of the Company, as a Good Governance practice, constituted a Risk Management Committee of the Board which frames, implements and monitors Risk Management Plan of the Company and lays down procedures to inform the Board of the risk assessment and minimization procedures in the Company.

The Company has an Enterprise Risk Management System set up as required by the Listing Regulations.

As per the Risk Management System, the risks of the Company are being regularly identified/assessed and documented by way of individual profiles and risk registers. The Company is also maintaining web based risk management application by each department/division at Plant as well as Corporate Office

to manage and control the risk in structured manner.

The Risk Management Organization Structure consists of Risk Management Steering Committee (RMSC) at apex level, and at divisional level, Corporate Risk Management Committee (CRMC) and Plant Risk Management Committee (PRMC) were formed to facilitate monitoring and governance of the ERM process on an ongoing basis.

Periodical meetings of the CRMC and PRMC are being held wherein the critical, cautionary and acceptable risks are presented by the departments through web based RMS application. During such presentations, various cross-functional deliberations take place on the contributing factors and the control measures to mitigate the risks. The outcome of CRMC and PRMC deliberations and the analysis of risks are presented to RMSC on a quarterly basis.

### Policy on Board Evaluation

The Policy on Board Evaluation was adopted with effect from October 1, 2014 by the Board of Directors in compliance of Companies Act, 2013 and Listing Regulations.

The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors on regular basis and to take necessary steps for improving the effectiveness of the Board.

The Nomination and Remuneration Committee has devised the methodology, identified sample tools for evaluation and also laid down the parameters for evaluation of Independent Directors, Chairman, Managing Director and Committees of the Board and the Board.

The Nomination and Remuneration Committee, based on the responses received from Directors, evaluated the Directors and conveyed the opinion of the Committee to the Board at the meeting held on May 24, 2019.

In view of the evaluation not linked to payment of remuneration, as the Company has opted only for payment of sitting fees, the evaluation has no financial implications on the Company.

### Whistle Blower Policy/Vigil Mechanism

The Company formulated the policy in compliance with Regulation 22 of Listing Regulations and Section 177(9) of the Companies Act, 2013. The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, and misappropriation of public funds among others.

Employees / associates aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. The Audit Committee periodically reviews the existence and functioning of the mechanism. No personnel of the Company have been denied access to the Audit Committee. The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website. Web link for the same is [www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

### Corporate Social Responsibility (CSR)

The Company has in place a CSR Policy in line with Schedule

VII of the Companies Act, 2013. The CSR Policy can be accessed on the Company's website at the link: [http://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm). The Company has always desired to play a proactive role in societal development with an intention to bring positive change in the lives of many.

An initiative started in 2009 with the spirit of making a difference, has today deepened its roots and is making a bigger impact and changing many more lives. The dedicated support, strength, initiative and encouragement from the associates of the Group to be part of this initiative gave impetus to the movement.

The Company with the support of Nagarjuna Foundation started several CSR activities and continues to support the initiatives. Your Company, during the year has spent Rs. 33.10 Lakh towards CSR activities though the Company was not required to spend any amount on CSR as it did not have any profits. The details of such activities carried out with the support of Nagarjuna Foundation signed by Managing Director and Chairman of CSR Committee appears as **Annexure-III** to this Report.

Your Company made contribution in areas of education, sports, healthcare, community welfare, agricultural research with Nagarjuna Foundation, Nagarjuna Education Trust (under the aegis of Nagarjuna Foundation), Nagarjuna Agricultural Research and Development Institute.

### Corporate Governance

Your Company driven by a desire to be more competitive and recognized globally, had inculcated more than a decade ago rules defining ethical business, much before it was introduced as statutory compliance.

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your Company has always proactively met mandated standards and practiced Corporate Governance in spirit and not just as letter of the law.

The goal of the Company in the area of Corporate Governance is to ensure fairness for every stakeholder; the company believes best practice Corporate Governance is critical to enhance and retain investor trust and to perform with integrity.

The Annual Report contains a separate section on the Company's corporate governance practices, together with a certificate from M/s. KBG Associates, Practicing Company Secretaries on compliance with conditions of Corporate Governance as stipulated under Listing Regulations.

### MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis in terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a separate section in the Annual Report.

### Related Party Transaction

All related party transactions done by the Company during the financial year were at arm's length and in ordinary course of business. During the financial year, your Company has

not entered into any material transaction as per the Listing Regulations with any of its related parties which may have potential conflict with the interest of the Company at large.

Disclosures pursuant to Accounting Standards on related party transactions have been made in the notes to the Financial Statements (refer Note 39). All related party transactions are placed before the Audit Committee and the Board for review and approval, as appropriate. To identify and monitor significant related party transactions, the Company has also framed a Policy on the Related Party Transactions and the same is available on the Company's website. Web link for the same is [http://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

All the related party transactions entered during the year were in Ordinary Course of the Business and on Arm's Length business and hence disclosure under section 134(3)(h) in Form AOC-2 of the Companies Act, 2013 is not applicable.

### Particulars of loans, guarantees or investments

Particulars of loans, guarantees and investments under Section 186 of the Act as at the end of the Financial Year 2018-19 are provided in the Notes forming part of the financial statements for the year ended March 31, 2019 (refer Note No. 48).

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Disclosure in terms of Section 134(3)(m) read with Rule 8(3) of The Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, earnings and outgo of foreign exchange is attached as **Annexure-IV** to this Report.

### Extract of Annual Return

Details forming part of the extract of the Annual Return in Form MGT 9 is enclosed as **Annexure-V**.

### Compliance with Secretarial Standards

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India relating to Meetings of the Board and its Committees and the General Meetings, which have mandatory application during the year under review.

### Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

There were no significant awards that have been passed by any Court or Judicial Authority against the company during the Financial Year 2018-19 impacting the going concern status and Company's operations in future.

### Adequacy of Internal Financial Controls with reference to Financial Statements

The Company maintains all its records in SAP system and the work flow and approvals are routed through SAP.

The Company's Internal Auditors scrutinize on periodical basis and ensure that the internal controls and the work flow of the organization are being done through the approved policies of the Company. In every quarter, the Internal Auditors present

the Internal Audit Report and Management comments on the Internal Audit observations to the Audit Committee.

The Board of Directors of the Company have adopted various policies like the Related Party Transaction, Whistle Blower Policy etc., for ensuring the orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

The Auditors, in their Report of Internal Financial Controls (Annexure A to the Independent Auditors' report) have opined that the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government**

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

#### **Registrar and Share Transfer Agents**

The Company has been functioning as Category II Share Transfer Agent (in-house) pursuant to the Securities and Exchange Board of India approval to the Company.

#### **Deposits**

The Company has not accepted any deposits falling under the ambit of Chapter V of the Companies Act, 2013 and the Rules framed thereunder, during the year nor are there any unpaid/unclaimed deposits at the end of the year. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

#### **Transfer of unpaid and unclaimed amounts to Investor Education and Protection Fund (IEPF)**

Pursuant to the provisions of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the dividends declared which remained unpaid or unclaimed for a period of seven years along with the corresponding shares have been transferred by the company to the IEPF, which has been established by the central government.

### **D. AUDITORS AND AUDIT REPORT**

#### **STATUTORY AUDITORS**

The Statutory Auditors of the Company, M/s. M Bhaskara Rao & Co., Chartered Accountants (Firm Registration No-000459S), Hyderabad, were appointed at the Eighth Annual General Meeting (AGM) for a term of five years from the conclusion of Eighth AGM to the conclusion of Thirteenth AGM

In terms of Section 139(2), no listed company shall appoint or re-appoint an audit firm as Statutory Auditor for more than two terms of five consecutive years.

M/s. M Bhaskara Rao & Co., Chartered Accountants, appointed for a term of five years from 8th AGM to 13th AGM, are eligible for another term of two years.

In view of the above, the Board of Directors recommend the appointment of M/s. M Bhaskara Rao & Co., Chartered Accountants, as the Statutory Auditors of the Company for a term of two more years from the conclusion of 13th AGM till the conclusion of 15th AGM i.e., for the Financial Year 2019-2020 and 2020-2021.

M/s. M Bhaskara Rao & Co. have signified their willingness to accept appointment and have further confirmed their eligibility under Section 141 of the Companies Act, 2013. The Company's Statutory Auditors have also furnished a certificate from the Peer Review Board of the ICAI confirming that they have undergone the process of peer review.

The Board of Directors in accordance with the provisions of Section 139 of the Companies Act, 2013 and Rules made there under recommends the appointment M/s. M Bhaskara Rao & Co., Chartered Accountants, Hyderabad, for a term of two years from the conclusion of 13th Annual General Meeting upto the conclusion of 15th Annual General Meeting every year for the consideration of the shareholders.

#### **Auditors Report**

The Statutory Auditors' of the Company have invited attention to emphasis on the matter in relation to:

- a) Diminution in the value of investments made for the value of investment in Jaiprakash Engineering and Steel Company Limited (JESCO). A subsidiary and its adequacy based on Management assessment.
- b) Recognizing income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, and for production beyond reassessed capacity based on prices and provisions applicable under NPSIII, Modified NPSIII, pending notification of final prices under New Urea Policy 2015 and consequential adjustments, if any that may arise.
- c) Arbitration awards passed against the Company for USD 15,275,688, GBP – 690,630, EUR455,000 and Rs.221.39 Lakhs.

#### **Management Explanation to emphasis on the matter**

- a) Emphasis of Matter given in Note (a) of the Auditor's Report on standalone financial statements read with Note 5.1 of Notes forming part of the standalone financial statements for the year ended March 31, 2019 are self-explanatory and do not call for any further comments
- b) Emphasis of Matter given in Note (b) of the Auditor's Report on standalone financial statements read with Note 25.1 of Notes forming part of the standalone financial statements for the year ended March 31, 2019 are self-explanatory and do not call for any further comments.
- c) Emphasis of Matter given in Note (c) of the Auditor's Report on standalone financial statements read with Note 38.1.1(b) of Notes forming part of the standalone financial statements for the year ended March 31, 2019



are self-explanatory and do not call for any further comments.

#### **Cost Auditor**

Pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder the Central Government has directed that the cost accounts maintained by the Company be audited by a Cost Auditor in Practice.

The Board of Directors, on the recommendation of the Audit Committee, at their meeting held on May 24, 2019, accorded their approval to the appoint of M/s. Sagar & Associates as Cost Auditor, and recommended for approval of shareholders a remuneration of Rs.4 Lakh plus taxes as applicable and reimbursement of out-of-pocket expenses for conducting the audit of cost records of the company for the Financial Year 2019-20.

M/s. Sagar & Associates, Cost Auditors have issued cost audit report for Financial Year 2018-19 which does not contain any qualification, reservation or adverse remark.

#### **Secretarial Auditor & Secretarial Audit Report**

The Board of Directors at their meeting held on May 24, 2019 pursuant to the provisions of Section 204 of the Companies Act, 2013 have appointed Mr. C S S Krishna, Partner, M/s. KBG Associates, Company Secretaries, Hyderabad as the Secretarial Auditor of the Company to undertake Secretarial Audit for the Financial Year 2019-20. The Secretarial Audit Report for the Financial Year 2018-19 appears as Annexure - VI to this Report, which is self-explanatory.

#### **Internal Audit**

The Company has well established system of Internal Audit which carries out audit on Risk Management framework covering the gamut of financial, marketing, plant operations and service functions.

The Company's Internal Audit function has obtained Quality Management System (ISO 9001: 2000) certificate in December 2006 and the same has been confirmed.

A Chief Internal Auditor of the Company has been appointed by the Board of Directors, in compliance with the Companies Act, 2013 and Listing Regulations.

#### **E. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013 your Directors hereby report that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Your Company has in place Policy on Sexual Harassment at work place in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to address complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is a summary of sexual harassment complaints received and disposed of during the FY ended March 31, 2019:

Number of complaints received: NIL

Number of complaints disposed of: NIL

#### **INDUSTRIAL RELATIONS**

During the year, the industrial relations at all the works of the company were cordial.

#### **ACKNOWLEDGEMENT**

Your Directors place on record their gratitude to the Government of India, Government of Andhra Pradesh, Government of Telangana and the Financial Institutions and Company's Bankers for their assistance and cooperation.

Further, the Company places on record its sincere appreciation for the continuing support and unstinting efforts of investors, dealers and associates and all stakeholders.

#### **CAUTIONARY STATEMENT**

The Board's Report may contain certain statements that the Company believes are, or may be considered to be "forward looking statements" within the meaning of applicable securities law and regulations. All these forward looking statements are subject to certain risks and uncertainties, including but not limited to Government action, economic developments, risks inherent to the Company's growth strategy and other factors that could cause the actual results to differ materially from those contemplated by the relevant forward looking statements and the company is not obliged to update any such forwarding looking statements.

By Order of the Board

Hyderabad  
November 12, 2019

**Uday Shankar Jha**  
Chairman



## ANNEXURES TO DIRECTOR'S REPORT

## ANNEXURE – I : Form AOC 1

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 – Form AOC-I)

## Part “A” : Subsidiaries

Rs. in Lakhs

Particulars	Subsidiary Company
	Jaiprakash Engineering and Steel Company Limited
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	April 1, 2018 to March 31, 2019
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR
Share capital	2,25,97,203 shares of Rs.10/- each
Reserves and Surplus	-4,66.64
Total assets	1828.71
Total Liabilities	1828.71
Investments	0
Turnover	0
Profit/(Loss) before taxation	(0.70)
Provision for taxation	0
Profit after taxation	(0.70)
Proposed Dividend	0
% of shareholding	99.84%

By Order of the Board

**Uday Shankar Jha**  
Chairman

Hyderabad  
May 24, 2019

## Part “B”: Associates and Joint Ventures

Rs. in Lakhs

Name of the Associate / Joint Venture	Nagarjuna Agricultural Research and Development Institute Private Limited	KVK Raju International Leadership Limited
1. Latest Audited Balance Sheet Date	March 31, 2019	March 31, 2019
2. Shares of Associate /Joint Ventures held by the Company at the year end		
i) Number	25,020	1,50,000
ii) Amount of Investment in Associates / Joint Venture	2.50	15.00
iii) Extent of Holding %	25%	42.85%
3. Description of how there is significant influence	By virtue of Shareholding	By virtue of Shareholding
4. Reason why the associate / joint venture is not consolidated	The Company had made provision for diminution in the entire value of investment as it is not in operation and network is negative	The Company had made provision for diminution in the entire value of investment as it is not in operation and network is negative
5. Net worth attributable to Shareholding as per latest Audited Balance Sheet	Considered as zero since network is negative	Considered as zero since network is negative
6. Profit / Loss for the year		
i. Considered in Consolidation	-	-
ii. Not Considered in Consolidation (refer point no. 4 above)	0.00	0.16

By Order of the Board

**Uday Shankar Jha**  
Chairman

Hyderabad  
May 24, 2019

**ANNEXURE - II (a)****Particulars of Remuneration of Directors / Key Managerial Personnel / Employees**

(Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

**a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year- 2018-19**

S. No.	Name of the Director	Median Remuneration (Rs.)	Directors Remuneration (Rs.)	Median Remuneration in %
1.	Mr. K S Raju	479350	5451267	11.37
2.	Mr. K Rahul Raju	479350	6946272	14.49

**b. b) The Percentage increase in remuneration of Director, Chief Executive Officer, Manager, Chief Financial Officer, Company Secretary in the Financial Year- 2018-19**

S. No	Name	Designation	2017-18 (Rs.)	2018-19 (Rs.)	Percentage Increase of salary
1.	Mr. K S Raju*	Chairman	6760720	5451267	-19.37
2.	Mr. K Rahul Raju	Managing Director	6930390	6946272	0.23
3.	Mr. M Ramakanth@	Company Secretary	7194883	2467266	-65.71
4.	Mr. H Muralidhar	Chief Financial Officer	3196542	5163280	61.53
5.	Mr. K Chandra Sekhar Naidu#	Company Secretary	-	2182518	0

\* Mr. K S Raju, Chairman and Whole time Director, retired from the service with effect from January 19, 2019.

@ Relieved with effect from April 30, 2018.

# Appointed with effect from May 01, 2018.

**c. The percentage increase / (decrease) in the median remuneration of employees in the Financial Year 2018-19**

Particulars	2017-18 (Rs.)	2018-19 (Rs.)	Percentage Increase of Median salary
Median Salary	497800	479350	-3.71

**d. The number of permanent employees on the rolls of the Company**

	2017 – 18	2018 – 19
No. of Employees	1623	1396

**e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

Average percentile/percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year was 12.04%. Remuneration paid to the Managing Director has increased by 3.75%. Remuneration paid to the Executive Chairman has decreased by 1.40%. The % increase in remuneration of the Managing Director is on account of the revised limits of remuneration payable in terms of approval of shareholders.

**f. Affirmation that the remuneration is as per the remuneration policy of the Company**

The Remuneration paid is as per the remuneration policy of the Company.

## ANNEXURE – II (b):

### Statement of Particulars of Employees

(Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S.No.	Name	Designation	Remuneration received	Nature of Employment	Qualifications	Years of experience	Date of commencement of employment	Age	Last employment held by employee before joining	Number of equity share held	Relation with Director or Manager
1	Mr. K.S. Raju*	Chairman	5451267	Refer Note 1	B.E (Mech)	44	01-08-11	68	Chairman & MD, Nagarjuna Fertilizers and Chemicals Ltd., (Merged )	Nil	Father of Managing Director
2	Mr. K. Rahul Raju	Managing Director	6946272	Refer Note 1	B.Com (Hons)	21	01-08-11	42	JMD, Nagarjuna Fertilizers and Chemicals Ltd.,(Merged)	Nil	Son of Chairman
3	Dr. Banibrata Pandey	President-Performance Biomaterials and Fuels	8148737	Refer Note 1	M.Sc (Micro), Ph.D(Sc), M.B.A	36	19-09-02 @	59	Sr. Manager, Barnby Technologies, USA	Nil	-
4	Mr. Sudhir Bhansali	Executive Director	7548149	Refer Note 1*	B.Com, ACS, ACA	38	13-05-08 @	61	President & CFO, Andhra Pradesh Paper Mills Ltd.,	Nil	-
5	Mr. J Mahalingam	Exec. Director-Corporate Strategy	6745733	Refer Note 1*	B.A, C.A	40	01-10-90 @	65	DGM-Finance, Andhra Cement Company	Nil	-
6	Mr. R M Deshpande	Exec Director - Coordination	6330405	Refer Note 1*	M.Com, LLB	47	03-04-07 @	71	Advisor to MD, GSFC	Nil	-
7	Mr.Gollapudi Sai Srinivasa Rao	Vice President - Legal	5729112	Refer Note 1	LLM	24	17-04-17	51	Vice President - Reliance Communications Ltd	Nil	-
8	Mr.RRaghavan	Senior Vice President- Urea Manufacturing	5323257	Refer Note 1	B.Tech, BOE	37	01-04-99	60	Day Co-Ordination Urea Plant, SAFCO - SABIC Group.	Nil	-
9.	Mr. K Himakara Dharudu	Vice President-Projects	5309334	Refer Note 1*	M.A	49	29-01-08@	72	GM Business Development-Inspection - PDIL	Nil	-
10	Mr. H.Muralidhar	Chief Financial Officer	5163280	Refer Note 1	CA	26	19-01-17	54	CFO - MIRA Management Services Pvt. Ltd	Nil	-

All the above mentioned appointments are non-contractual except marked '\*' and are terminable by notice on either side.

@ - Continue employment from Erstwhile NFCL

\* Retired w.e.f. January 19, 2019

## ANNEXURE III

### Annual Report on CSR activities

(Pursuant to Section 135 of Companies Act, 2013)

#### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken is mentioned below ;

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

We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society.

The Nagarjuna Group with the support of Nagarjuna Foundation, a not-for-profit Company incorporated under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), with Registered Office at Nagarjuna Hills, Punjagutta, Hyderabad, Nagarjuna Education Trust (under the aegis of Nagarjuna Foundation) and Nagarjuna Agricultural Research and Development Institute, undertakes various activities under Corporate Social Responsibility.

#### At Nagarjuna, we define CSR as:

- Conducting affairs of our Company in a socially acceptable manner
- Understanding, supporting and developing the communities and the cultures within which we work
- Protecting the environment and safety of the people connected with the Company and the surroundings.
- Enhancing the value of the Company through sustainable growth

#### Our CSR Framework:

Nagarjuna's CSR Framework consists of following four important dimensions:

- Investors and other stakeholders
- Customers
- Employees
- Community

#### Compliance:

Compliance with the Policy of Corporate Social Responsibility, is continuously monitored and subject to review by the Company.

In the ensuing year, the major focus will be on development of the Communities located in and around the Plants of the Company with continued support to Investors and other stakeholders, Customers and Employees.

2. Web-link : The Web-link to the CSR policy and projects or programs is [http://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

#### 3. CSR Committee

The CSR Committee comprises of the following Directors :

Mrs. Lalitha Raghuram	Chairman and Independent Director
Mr. K Rahul Raju	Member and Executive Director
Mr. V V S Ravindra	Member and Nominee Director

#### 4. Financial Details

- a) The Average net loss of the Company as per Section 135 of the Companies Act, 2013 for the last three Financial Years i.e. 2016-17, 2017-18 and 2018-19 is Rs. 21582.72 lacs.
- b) The prescribed CSR Expenditure for the financial year 2018-19 (two per cent, of the amount as in item (a) above) is Nil.
  - i. Total amount spent for the financial year: Rs.33,10,000/- ( Rupees Thirty three lakh, Ten Thousand only).
  - ii. Amount unspent, if any : Nil
- c) Further, the Company is continuously supporting CSR activities through:
  1. Nagarjuna Education Trust (under the aegis of Nagarjuna Foundation), established in 1990, runs a school under the name of "Akshara School" catering to the children of the employees of the Company at Kakinada and also the children of the surrounding areas for which the Company had leased land in Kakinada admeasuring 35 acres from time to time since 1996, to provide better primary, secondary and higher education, sports facilities and other initiatives for the benefit of the community at large in and around Kakinada; and



2. Nagarjuna Agricultural Research and Development Institute established in 1995 which supports agricultural research and farmer training under lease of agricultural land situated at Wargal admeasuring 97.14 acres from time to time since 1996, from the Company.

The CSR activities of the Company are conducted by Nagarjuna Foundation, a Section 8 Company under the Companies Act, 2013.

The Manner in which the amount spent by Nagarjuna Foundation during the financial year is detailed below :

The CSR activities were undertaken in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports, etc.,

S. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken.	Amount spent : Direct or through implementing agency (Rs.)
<b>A</b>				
1	Supply of Drinking Water	Social Welfare	Hyderabad, Telangana	21,060.00
2	Supply of Water to Kondelpeta, Kakinada	Social Welfare	Kakinada, Andhra Pradesh	66,000.00
3	Supply of Infrastructure / Books/ Stationery Items / school uniforms / linen / medicines / sports items/ cooking vessels and Groceries to 86 Centers covering Orphanages, Homes for the Aged, Government Schools, Homes for differently abled children, Homes for the aids infected patients, unwed mothers children, short stay homes and tuition centers on June 29, 2018	Social Welfare	Throughout India	18,70,194.00
4	Continue to maintain the lawns in the Kakinada Railway station	Social Welfare	Kakinada, Andhra Pradesh	42,500.00
<b>B.</b>				
1.	Seethamma Health Chariot and Kondelpeta Primary Health Care	Health Care	Kakinada Andhra Pradesh	5,98,356.00
2	Leprosy patients at Vimukthi colony Kakinada	Health Care	Kakinada, Andhra Pradesh	11,964.00
<b>C.</b>	Brahma Kumaris - Nagarjuna Management Development Centre			6,99,926
	<b>Total</b>			<b>33,10,000.00</b>

**5. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and Policy of the Company :**

We, the members of the Corporate Social Responsibility Committee of the Board of Directors of Nagarjuna Fertilizers and Chemicals Limited confirm and affirm that in accordance with Section 135 of the Companies Act, 2013 and applicable Rules, we complied with the following :

- 1) Formulated and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013.
- 2) Recommended the amount of expenditure to be incurred.
- 3) Instituted a transparent monitoring mechanism for the implementation of the Policy from time to time.

Hyderabad  
May 24, 2019

**K Rahul Raju**  
Managing Director

**Lalitha Raghuram**  
Chairman, CSR Committee

## ANNEXURE IV

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A) CONSERVATION OF ENERGY:

During the Financial Year 2018-19, Ammonia-I Methanator (R-301) Catalyst was replaced.

Due to inadequate availability of Fund Based and Non-Fund based working capital facility from Banks, Unit- I shutdown taken from 3rd Jul to 22nd Dec 2018 and Unit-II shutdown taken from 3rd Jul 2018 onwards and no major energy saving schemes were taken up.

#### B) TECHNOLOGY ABSORPTION:

##### B.1. Research and Development (R & D):

##### 1. Specific areas in which R & D was carried out by the Company:

##### a. Production Facility at Kakinada:

There is no separate R & D department at the production facility at Kakinada. However, the Engineers engaged in Technical Services, Production, General Engineering and Maintenance Departments undertake activities which are aimed at improvements in the following areas:

- i. Energy Conservation.
- ii. Capacity Enhancement.
- iii. Environmental Protection.
- iv. Process and Personnel Safety.
- v. Enhancement of Plant Reliability.
- vi. Rain Water Harvesting for Conserving Raw Water Intake.
- vii. Exploration for Usage of Renewable Energy Sources like Solar, etc.

##### b) Production facility at MI and PVC Plants

- i. Die-mandrel set and Formal box developed locally to produce Plain lateral on superline machine.
- (ii) Automation of friction welding and hdpe fittings assembly is successfully developed at Nacharam plant.
- (iii) Introduced indigenously produced 2 LPH flat drippers.
- (iv) Introduced granulators for effective use of process scrap reducing re granulation cost.
- (v) Developed and produced bobbin caps in house.
- (vi) PVC-04 is shifted from Sadashivpet plant to Halol plant to increase capacity and get logistics advantage.
- (vii) In house up-gradation of pressure sizer of PVC-02 resulted in enhanced product quality and yield.

- (viii) Developed pipe take off unit and trolley using available discarded material.

#### 2. Benefits derived as a result of the above efforts :

##### a. Production Facility at Kakinada:

Due to inadequate availability of Fund Based and Non-Fund based working capital facility from Banks, Unit I shutdown taken from 3rd Jul to 22nd Dec 2018 and Unit II shutdown taken from 3rd Jul onwards.

##### b. Production facility at MI and PVC Plants

- (i) Quality improvement and reduction in packaging cost .
- (ii) Enhanced capacity utilization and yield
- (iii) Reduced field complaints and warranty claims for bought out items by frequent vendor visits
- (iv) Input cost on 2 LPH drippers has been reduced by 30 % with the introduction of new Indigenous drippers
- (v) Optimum utilization of machinery has been achieved by manufacturing both plain and superline laterals on one line and using plain lateral line for HDPE production to meet market demand in peak season.

#### Expansion / Developments:

- (i) Developed Friction welding machine in house at Nacharam plant
- (ii) Substituted HDPE fabricated fittings with molded fittings for improving quality and cost reduction and improving productivity.
- (iii) Mold design and order placement completed for 63 mm multi cavity male and female HDPE couplers for Nacharam plant.
- (iv) Trial carried out for AAS make thin walled flat drip lateral with Nano dripper .This product is equivalent for our eco product.
- (v) Hot air dryers introduced for moisture removal and optimum usage of reprocessed scrap.
- (vi) 100% usage of process scrap in non-prime products.

#### 3. Future Plan of Action:

##### a. Production Facility at Kakinada:

The following action plan has been made to improve Production, Plant Reliability, Specific Energy Consumption & in EHS areas as mentioned below:

- (i) Ammonia-I Backend Boiler (E-501) Replacement
- (ii) Ammonia-I Combustion Air Pre-heater (E-204) replacement
- (iii) Ammonia-I Process air compressor First inter stage cooler replacement
- (iv) Ammonia-II Front-end Boiler (EE-208) replacement
- (v) Ammonia-II Synthesis Converter Basket replacement

- (vi) HT Shift catalyst Replacement in Ammonia-II
- (vii) Upgradation of Ammonia-I PAC and Ammonia-II ARC turbo-log speed/ anti-surge control system.
- (viii) Fine Filters in HP NG Network in both Ammonia Plants
- (ix) Upgradation of GT - C, Mark V Control System to Mark VI-E System
- (x) Upgradation of Unit-I DCS/ESD systems
- (xi) Compressor Rotor for GT-C & Stator blades and related hardware.

#### Energy Reduction Study:

- Technical & Commercial discussions with vendors completed.
- Order will be placed for Energy saving schemes after Financial Closure. Major schemes are turbines up gradation (For Syn gas turbine of Ammonia plant-I & CO<sub>2</sub> Turbines of both urea plants) and implementation of Ammonia wash in both Ammonia Plants.

#### b. Production facility at MI and PVC Plants

- I. Indigenization of 4 LPH flat drippers is planned
- II. Proposal to setup new Injection Molding facility to manufacture Cylindrical /Strip type Drippers at Nacharam and Halol Plants.

#### B.2. Technology Absorption, Adaptation and Innovation:

- 1) Efforts, in brief, made towards technology absorption, adaptation and Innovation:

##### a. Production Facility at Kakinada:

Installation of JSC NIIK Vortex Mixer in Urea-II Reactor: This scheme was implemented during PTA 2014 in Urea II Reactor. NFCL is the first Fertilizer Industry in India to adopt this technology.

##### b. Production facility at MI and PVC Plants

- i. Indigenization of imported spare parts carried out to reduce the dependency on imported parts and optimize the cost.
- ii. Introduced molded fittings in place of fabricated fittings to improve quality and productivity .

- 2. Benefits derived as a result of the above efforts, example Product Improvement, Cost Reduction, Product Development Import Substitution etc.

##### a. Production Facility at Kakinada:

- i. Installation of Vortex Mixer in Urea-II Reactor improved conversion thereby resulted in energy savings.
- ii. With the implementation of Energy Reduction schemes, the complex Sp. Energy Consumption is targeted for improvement of at least 0.1 Gcal/MT of Urea

#### b) Production facility at MI and PVC Plants

- i. Import cost and spares inventory carrying cost reduced by indigenization of spares by developing local vendors.
- ii. Improved quality , reduced labor cost and enhanced productivity by replacing fabricated fittings with molded fittings.
- iii. Consumed 100% process scrap within BIS norms in non-prime products.
- iv. Continuously reduced the input costs by optimizing the processes.
- v. Improved the efficiency of production lines.
- vi. Warranty claims have been reduced by improving quality of products.

#### 3. In case of import technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

##### a. Production Facility at Kakinada:

Vortex Mixer installed in Urea II Reactor during PTA 2014. JSC NIIK is the supplier of Vortex Mixer. With this installation Urea conversion increased & Plant reliability improved.

##### b. Production facility at MI and PVC Plants: NIL

#### RESEARCH AND DEVELOPMENT (R & D):

Research and Development Division has been closed on 31st March, 2019. During the year 2018-19, an expenditure of Rs.1421.34 Lakhs was incurred towards Research and Development during the financial year 2018-19. The details are provided in the Notes forming part of the financial statements for the year ended March 31, 2019 (refer Note No. 36).

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plans: NIL

Foreign Exchange Outgo:	Rs. in lacs
i. Technical know-how (net of Tax)	-
ii. Interest	-
iii. Dividend (net of taxes)	-
a. Equity	-
b. Preference	-
iv. Others	-
Professional & Consultancy	26.40
Travel and Conveyance	21.12
Others	55.27
<b>Foreign Exchange earnings</b>	<b>1,698.83</b>

**ANNEXURE – V:****EXTRACT OF ANNUAL RETURN****(MGT - 9)****as on the Financial Year ended on March 31, 2019**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I. REGISTRATION AND OTHER DETAILS</b>	
CIN	L24129TG2006PLC076238
Registration Date	November 7, 2006
Name of the Company	Nagarjuna Fertilizers and Chemicals Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082 Ph No. (040) 23355317. Fax (040) 23350247 Email:secretarial@nagarjunagroup.com
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited, Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: (040) 23358405 Email: Investors@nagarjunagroup.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

There are business activities contributing 10% or more of the total turnover of the Company - manufacture and sale of urea.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Urea	20121	87.55

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of Companies Act, 2013
1.	Jaiprakash Engineering and Steel Company Limited (JESCO)	U00337KA1993PLC014694	Subsidiary	99.84	2(87)
2.	Nagarjuna Agricultural Research and Development Institute (NARDI)	U80100TG1995NPL022409	Associate	25	2(6)
3.	KVK Raju International Leadership Academy	U80101TG1995NPL022410	Associate	42.85	2(6)



#### IV. SHAREHOLDING PATTERN

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	21427989		21427989	3.58	21427989		21427989	3.58	0
d) Bodies Corp.	296072140		296072140	49.51	296072140		296072140	49.51	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other .... (Trust)	-	-	-	-	-	-	-	-	-
(Co-op Society)	11000000		11000000	1.84	11000000		11000000	1.84	0
<b>Sub-total (A) (1):-</b>	<b>328500129</b>		<b>328500129</b>	<b>54.93</b>	<b>328500129</b>		<b>328500129</b>	<b>54.93</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	4400000		4400000	0.74	4400000	-	4400000	0.74	0
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other .... NRI based company	8800000	-	8800000	1.47	8800000	-	8800000	1.47	0
<b>Sub-total (A) (2):-</b>	<b>13200000</b>	-	<b>13200000</b>	<b>2.21</b>	<b>13200000</b>	-	<b>13200000</b>	<b>2.21</b>	<b>0</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>341700129</b>		<b>341700129</b>	<b>57.13</b>	<b>341700129</b>	-	<b>341700129</b>	<b>57.13</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	233915	233915	0.04	990	232925	233915	0.04	0
b) Banks / FI	329115	62013	391128	0.07	789674	62013	851687	0.14	0.07
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	6896291	110	6896401	1.15	5517610	110	5517720	0.92	-0.23
g) FIs	4931720	33275	4964995	0.83	3338628	33275	3371903	0.56	-0.27
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):-</b>	<b>12157126</b>	<b>329313</b>	<b>12486439</b>	<b>2.09</b>	<b>9646902</b>	<b>328323</b>	<b>9975225</b>	<b>1.67</b>	<b>-0.42</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	55970538	371087	56341625	9.42	55328554	359317	55687871	9.31	-0.11
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	126838214	41350812	168189026	28.12	125383770	39221866	164605636	27.52	0.6
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	12406526	-	12406526	2.07	13392115	-	13392115	2.24	0.17
<b>c) Others (specify) NRI</b>	<b>5797810</b>	<b>991396</b>	<b>6789206</b>	<b>1.14</b>	<b>6218243</b>	<b>941126</b>	<b>7159369</b>	<b>1.2</b>	<b>0.06</b>
Foreign National	500	0	500	0	500	0	500	0	0
Trusts	20350	131202	151552	0.03	48930	131202	180132	0.03	0
HUF	0	0	0	0	5363850	176	5364026	0.9	-0.9
<b>Sub-total (B)(2):-</b>	<b>201033938</b>	<b>42844497</b>	<b>243878435</b>	<b>40.78</b>	<b>205735962</b>	<b>40653687</b>	<b>246389649</b>	<b>41.2</b>	<b>0.42</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>213191064</b>	<b>43173810</b>	<b>256364874</b>	<b>42.87</b>	<b>215382864</b>	<b>40982010</b>	<b>256364874</b>	<b>42.87</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>554891193</b>	<b>43173810</b>	<b>598065003</b>	<b>100</b>	<b>557082993</b>	<b>40982010</b>	<b>598065003</b>	<b>100</b>	<b>0</b>

## (ii) Shareholding of Promoters

Sl. No.	Share holders Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
Core Promoter								
1	Amlika Mercantile Private Limited	296072140	49.51	43.74	296072140	49.51	43.74	0.00
Co- Promoter								
1	Governor of Andhra Pradesh	21427989	3.58	-	21427989	3.58	-	0.00
2	KRIBHCO	11000000	1.84	-	11000000	1.84	-	0.00
3	Fireseed Limited	8800000	1.47	-	8800000	1.47	-	0.00
4	Saipem SPA	4400000	0.74	-	4400000	0.74	-	0.00
	TOTAL	341700129	57.13	43.74	341700129	57.13	43.74	0.00

## (iii) Change in Promoters' Shareholding:

Sl. No.	Shareholding			Cumulative Shareholding during the year	
	No. of shares	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>At the beginning of the year</b>					
<b>Core Promoter</b>					
1	Amlika Mercantile Private Limited	296072140	49.51	296072140	49.51
<b>Co-Promoters</b>					
1	Governor of Andhra Pradesh	21427989	3.58	21427989	3.58
2	KRIBHCO	11000000	1.84	11000000	1.84
3	Fireseed Limited	8800000	1.47	8800000	1.47
4	Saipem SPA	4400000	0.74	4400000	0.74
<b>At the End of the year</b>					
<b>Core-Promoters</b>					
1	Amlika Mercantile Private Limited	296072140	49.51	296072140	49.51
<b>Co-Promoters</b>					
1	Governor of Andhra Pradesh	21427989	3.58	21427989	3.58
2	KRIBHCO	11000000	1.84	11000000	1.84
3	Fireseed Limited	8800000	1.47	8800000	1.47
4	Saipem SPA	4400000	0.74	4400000	0.74

## (iv) Shareholding Pattern of top ten shareholders ( other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	Zuari Agro Chemicals Limited.	32267741	5.40%	32267741	5.40%
2	Life Insurance Corporation of India	5911262	0.99%	5911262	0.99%
	Sold 325456 shares between 07.05.2018 and 11.05.2018			5585806	0.93%
	Sold 399448 shares between 14.05.2018 and 18.05.2018			5186358	0.87%
	Sold 101305 shares between 28.05.2018 and 01.06.2018			5085053	0.85%

3	Lok Prakashan Ltd	2684862	0.45%	2684862	0.45%
4	Dimensional Emerging Markets Value Fund	1812637	0.30%	1812637	0.30%
	Sold 14693 shares between 26.11.2018 and 30.11.2018			1797944	0.30%
	Sold 272390 shares between 10.12.2018 and 14.12.2018			1525554	0.26%
	Sold 125304 shares between 17.12.2018 and 21.12.2018			1400250	0.23%
	Sold 30183 shares between 14.01.2019 and 18.01.2019			1370067	0.23%
	Sold 78549 shares between 11.03.2019 and 15.03.2019			1094053	0.18%
	Sold 17075 shares between 18.03.2019 and 22.03.2019			1076978	0.18%
5	Blue Diamond Properties Private Limited	1320000	0.22%	1320000	0.22%
6	Pravin Kumar Agarwal	1200000	0.20%	1200000	0.20%
	Sold 10000 shares between 20.08.2018 and 24.08.2018			1190000	0.20%
	Sold 396317 shares between 05.11.2018 and 09.11.2018			793683	0.13%
	Sold 338099 shares between 12.11.2018 and 16.11.2018			455584	0.08%
	Sold 455584 shares between 19.11.2018 and 23.11.2018			0	0.00%
7	Polaris Banyan Holding private Limited.	1133572	0.19%	1133572	0.19%
8	Arvind Mehta	1100000	0.18%	1100000	0.18%
	Sold 929000 shares between 04.02.2019 and 08.02.2019			171000	0.03%
	Sold 83000 shares between 11.02.2019 and 15.02.2019			88000	0.01%
	Bought 25000 shares between 18.02.2019 and 22.02.2019			113000	0.02%
	Sold 75000 shares between 11.03.2019 and 15.03.2019			38000	0.01%
9	Finquest Securities Pvt Ltd-Client Benef A/C F	1000000	0.17%	1000000	0.17%
	Bought 4000 shares between 07.05.2018 and 11.05.2018			1004000	0.17%
	Sold 1004000 shares between 04.06.2018 and 08.06.2018			0	0.00%
	Bought 10000 shares between 18.06.2018 and 22.06.2018			10000	0.00%
	Sold 10000 shares between 25.06.2018 and 29.06.2018			0	0.00%
	Bought 87000 shares between 06.08.2018 and 10.08.2018			87000	0.01%
	Sold 50000 shares between 20.08.2018 and 24.08.2018			37000	0.01%
	Bought 30000 shares between 03.09.2018 and 07.09.2018			67000	0.01%
	Sold 67000 shares between 10.09.2018 and 14.09.2018			0	0.00%
10	Finquest Securities Pvt Ltd-Client Account	915754	0.15%	915754	0.15%
	Sold 915754 shares between 11.06.2018 and 15.06.2018			0	0.00%
	<b>At the End of the year (or on the date of separation, if separated during the year)</b>				
1	Zuari Agro Chemicals Limited.	32267741	5.40%	32267741	5.40%
2	Life Insurance Corporation of India	5085053	0.85%	5085053	0.85%
3	Lok Prakashan Ltd	2684862	0.45%	2684862	0.45%
4	Dimensional Emerging Markets Value Fund	1076978	0.18%	1076978	0.18%
5	Blue Diamond Properties Private Limited	1320000	0.22%	1320000	0.22%
6	Pravin Kumar Agarwal	0	0.00%	0	0.00%
7	Polaris Banyan Holding private Limited.	1133572	0.19%	1133572	0.19%
8	Arvind Mehta	38000	0.01%	38000	0.01%
9	Finquest Securities Pvt Ltd-Client Beneficiary A/C F	0	0.00%	0	0.00%
10	Finquest Securities Pvt Ltd-Client Account	0	0.00%	0	0.00%

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	52,094.21	4,548.97	0	56,643.18
ii) Interest due but not paid	686.90	0	0	686.90
iii) Interest accrued but not due	16.11	0	0	16.11
Total (i+ii+iii)	52,797.22	4,548.97	0	57,346.19
<b>Change in Indebtedness during the financial year</b>				
i) Addition	4,903.59		0	0
ii) Reduction	4,485.17	358.39	0	5,261.98
<b>Net Change Indebtedness at the end of the financial year</b>				
i) Principal Amount	47,609.04	4,469.08	0	52,078.12
ii) Interest due but not paid	5,576.51	0	0	5,576.51
iii) Interest accrued but not due	30.09	0	0	30.09
Total (i+ii+iii)	53,215.64	4,469.08	0	57,684.72

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount in Rs.
		Mr. K S Raju, Chairman	Mr. Rahul Raju, Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41,45,139	51,58,334	93,03,473
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	7,52,201	11,33,708	18,85,909
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	(a) as % of profit	0	0	0
	(b) others, specify			
5	Others - Non-taxable portion of Superannuation, Gratuity, Co. PF contribution etc	5,53,927	6,54,230	12,08,157
	<b>Total (A)</b>	<b>54,51,267</b>	<b>69,46,272</b>	<b>1,23,97,539</b>
	Ceiling as per Act			

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Director						Total Amount in Rs.
1.	Independent Directors	Dr. NCB Nath	Mr. D Ranga Raju	Mr. Uday Shankar Jha	Ms. Lalitha Raghuram	Mr. Hariharan Ramanathan @	Mr. C B Mouli	
	Fee for attending board / committee meetings	2,40,000	Nil	1,05,000	1,20,000	45,000	1,50,000	6,60,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	2,40,000	Nil	1,05,000	1,20,000	45,000	1,50,000	6,60,000



2.	Other Non-Executive Directors	Mr. Chandra Pal Singh Yadav	Mr. O.Ramesh Babu	Mr. V V S Ravindra	Mr. Anil Kumar P R	Mr. Syed Shahabuddin	Mr. Srinivasu Chintapalli	
	- Fee for attending board / committee meetings	30,000	15,000	15,000	-	2,40,000	1,35,000	4,35,000
	Commission					-		
	- Others, please specify					-		
	Total (2)	30,000	15,000	15,000	-	2,40,000	1,35,000	4,35,000
	Total	2,70,000	15,000	1,20,000	1,20,000	2,85,000	2,85,000	10,95,000

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount in Rs.
		@ Mr. M Ramakanth Company Secretary	% Mr.K.Chandra Sekhar Naidu. Company Secretary	Mr. H Muralidhar CFO	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	24,27,916	20,19,886	44,63,892	89,11,694
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1,297	15,565	1,88,041	2,04,903
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	(a) as % of profit	-	-	-	-
	(b) others, specify...	-	-	-	-
5	Others, - PF, Superannuation, Gratuity Insurance	38,053	1,47,068	5,11,347	6,96,468
	Total	24,67,266	21,82,519	51,63,280	98,13,065

@Superannuated with effect from April 30, 2018.

% Appointed with effect from May 01, 2018

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

**ANNEXURE – VI:****Form No. MR-3****Secretarial Audit Report**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
Nagarjuna Fertilizers and Chemicals Limited  
Nagarjuna Hills, Punjagutta, Hyderabad, Telangana – 500 082

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nagarjuna Fertilizers and Chemicals Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit; we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)

Regulations, 1993 regarding the Companies Act and dealing with client;

- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- 6 We have also examined compliance with the applicable clauses of the following:

Secretarial Standards issued by The Institute of Company Secretaries of India.

**1 Under the Companies Act, 2013**

- A. That based on our examination and verification of the records produced to us and according to the information and explanations given to us by the Company that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 ("the Act") and the Rules made under the Act and Memorandum, and Articles of Association of the Company, inter alia with regard to :

- a. Maintenance of various statutory registers and documents and making necessary entries therein;
- b. Closure of Register of Members / Debenture holders;
- c. Forms, returns, documents and resolutions required to be filed with the Register of Companies and the Central Government;
- d. Service of documents by the company on its members and Registrar of Companies.
- e. Notices and minutes of the meetings of the committees of directors;
- f. The meetings of Board of Directors held on 25-05-2018, 27-07-2018, 09-11-2018, 19-01-2019 and 08-02-2019 and the various Meetings of the Committees of Directors held from time to time;
- g. The Annual General Meeting held on 29th September, 2018;
- h. Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i. Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;
- j. Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors; except to the extent relating to composition of Board in compliance with Section 149 (4) of Companies Act read with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t appointment of requisite number of Independent Directors.

- k. Ratification of the Appointment and remuneration of Auditors.
- l. The Directors have not recommended any dividend on the equity capital of the Company. Hence there is no requirement to comply with the provisions for Declaration and payment of dividends;
- m. The company has transferred the unclaimed dividends, within the stipulated time to Investor Education and Protection Fund, and filed the necessary forms in compliance with applicable provisions of Companies Act, 2013. The necessary disclosures are made in the Annual Report 2018 and on the Website of the company viz., <http://www.nagarjunafertilizers.com>
- n. Borrowings and registration, modification and satisfaction of charges wherever applicable;
- o. Investment of the Company's funds including investments and loans to others;
- p. Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
- q. Directors' report;
- r. Contracts, common seal, registered office and publication of name of the Company; and
- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes
- iv. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- iv. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- v. The Directors have complied with the disclosure requirements in respect of their independence and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

**B. Under the Companies Act, 2013, We further report that**

- i. The Board of Directors of the Company is duly constituted with proper balance of, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Further we report that, as on March 31, 2019 the Board of the company consisting of 7 directors. Of the Directors 4 are Nominee Directors, 2 are independent directors, and 1 Executive Director and we have been given to understand that the majority of the Board consists of Nominee Directors due to financial stress. Once the debt resolution is achieved, the company will take all possible endeavors to instate the Board in compliance with applicable Laws.

- ii. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**2. Under the Securities Contracts (Regulation) Act, 1956, We report that**

The Company has complied with the requirements of Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act.

**3. Under the Depositories Act, 1996, We report that**

The Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

**4. Under FEMA, 1999, We report that**

The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

**5. Under Reserve Bank of India Act, 1934, we report that:**

We have given to understand that the company does not require complying any of the provisions under the Reserve Bank of India Act, 1934.

**6. Under the SEBI Act, We report that**

- a. The Company has complied with the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further we report that, as on March 31, 2019 the Board of the company consisting of 7 directors. Of the Directors 4 are Nominee Directors, 2 are independent directors, and 1 Executive Director and we have been given to understand that the majority of the Board consists of Nominee Directors

due to financial stress. Once the debt resolution is achieved, the company will take all possible endeavors to instate the Board in compliance with applicable Laws.

- b. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 with regard to disclosures and maintenance of records required under the Regulations and we note that there are no transactions falling under the purview of these regulations during the financial year under review.
- c. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with regard to disclosures and maintenance of records required under the Regulations.
- d. The Company is not required to comply with the provisions of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employees Stock Option Scheme, Grant of Options and related disclosures and other aspects as no such transaction had arisen in this respect during the year under review.
- e. The Company is not required to comply with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 as there was no issue and no allotment of convertible warrants on preferential basis to entities in the Promoters Group.
- f. We further report that, the company has complied the Secretarial Standards issued by The Institute of Company Secretaries of India with regard to Meeting of the Board Meeting (SS-1) and General Meeting (SS-2)
- g. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**\*NOTE:** This report is to be read with our letter of even date which is annexed as "ANNEXURE-A" and Forms an integral part of this report.

**For KBG Associates**  
Company Secretaries

**(Srikrishna S Chintalapati)**  
Partner  
CP # 6262

Place: Hyderabad  
Date: 10th May, 2019

## ANNEXURE- A'

To,  
The Members,  
Nagarjuna Fertilizers and Chemicals Limited  
Nagarjuna Hills, Punjagutta,  
Hyderabad – 500 082, Telangana

Our report for the even date to be read with the following Letter;

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Pursuant to analysis made; we have been given to understand that the scope of the audit is restricted to
  - a) Companies Act, 2013
  - b) SEBI Act, 1992
  - c) The Depositories Act, 1996
  - d) Foreign Exchange Management Act, 1999
  - e) Securities Contracts (Regulation) Act, 1956
  - f) Reserve Bank of India Act, 1934

**For KBG Associates**  
Company Secretaries

**(Srikrishna S Chintalapati)**  
Partner  
CP # 6262

Place: Hyderabad  
Date: 10th May, 2019



## ANNEXURE – VII

### Nomination and Remuneration Policy

#### Introduction

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### Objective

The objectives for adopting the policy are:

- a. To ensure that the level and composition of remuneration payable to KMP and others is reasonable and sufficient to attract, retain and motivate persons to join the Board of Directors of the company so as to provide the company the required strategic direction.
- b. To clarify that remuneration is linked to performance and there exists appropriate benchmarks
- c. To ensure that the remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives synchronizing the same to the working of the company and its goals
- d. To lay down criteria for identifying persons to be qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration
- e. To carry out evaluation of Directors, Key Managerial Personnel and Senior Management
- f. To ensure that the remuneration is being paid across the organization based on prevailing trends in the industry to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

‘Senior Management Personnel’ for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.

#### Appointment of Directors, Key Managerial Personnel and Senior Management

- a) The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel and Senior Management.
- b) The Committee shall ascertain the qualifications, expertise and experience of the persons to be appointed as Directors, KMP and Senior Management and recommend their appointment to the Board of Directors.

- c) The decision of the Board of Directors based on the recommendation of the Committee shall be final
- d) The appointment including tenure of Directors and KMP shall be subject to the policy of the company, provisions of Companies Act, 2013, Listing Agreement and other relevant laws.
- e) The Committee shall evaluate their performance on a yearly basis and recommend their removal to the Board, if required.

#### Remuneration of Directors, KMP, Senior Management and other employees

- a) The remuneration payable to the Whole Time Directors shall be as per the provisions of the Companies Act, 2013 and other relevant provisions.
- b) The remuneration payable to KMP and Senior Management shall be approved by the Committee on case to case basis.
- c) The increments to the existing remuneration structure
  - 1) In relation to Board of Directors based on the evaluation of performance
  - 2) In relation to KMP and Senior Management shall be approved by the Committee based on the recommendation of the Managing Director
  - 3) In relation to others shall be approved by the Managing Director based on the market conditions, performance of the company and other relevant factors from time to time.

#### Remuneration to Non-Executive and Independent Directors

The Non-Executive and Independent Directors of the company shall only be paid sitting fees (as determined by the Board from time to time) for attending Board/ Committee meetings apart from reimbursement of expenses incurred for attending the meetings.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR 2018-2019  
(Annexure to the Directors' Report)

### A. COMPANY'S PHILOSOPHY

At Nagarjuna, we believe in the philosophy of 'Serving Society through Industry', with the Nagarjuna Culture being 'We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society'.

This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its interactions with stakeholders, customers, associates and community at large which has always propelled the Group towards newer horizons.

Owing to the changing business environment in which the Company today operates, your Company has drawn up a Vision.

'To be global leaders in plant nutrition' with a Mission.

'We shall pioneer transformation in plant nutrition, deliver wholesome plant nutrition solutions to the farmers and be the organization to be associated with'.

At Nagarjuna, we continually strive to transform our business environment. We are committed to continuously evoke customer delight through constant review, monitoring and delivering proactive value-added solutions. We are also committed to provide satisfaction of all stakeholders in a balanced manner through sustainable growth and profitability. We also aim to create an environment where work becomes an enjoyable experience aligning individual goals with organizational goals, share knowledge and information, be proactive and responsible, pursue excellence and be committed, transforming the society. We aim 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.

At Nagarjuna, we believe that it is not the latest technology or management practice (as important as they are) that makes an organization successful as it ought to be. However, what makes it an enterprise worthy of emulation is that it shapes the environment in which it grows through active fostering of creativity, innovation, entrepreneurship and knowledge sharing.

We believe in the principles of trusteeship, fair play and transparency in all our dealings. We endeavor to have a work culture, which is performance driven and conducive to improving discipline, accountability, character, team spirit and honesty, personally and professionally.

We also believe that mutual care and concern among the employees and the organization acts as a guiding principle.

### GOVERNANCE PHILOSOPHY

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your Company is always proactive in meeting mandated

standards and practicing Corporate Governance in spirit and not just the letter of the law.

Your Company's philosophy on Corporate Governance is based on following principles:

- Preserving core values and ethical business conduct.
- Commitment to maximizing shareholder value on a sustained basis.
- To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the Company.
- Perceiving and mitigating the various risks that impact the Company.
- Make timely and transparent disclosures.
- Legal and statutory compliances.

Your Company's ethos is self-regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards improving management effectiveness, supervision and accountability to stakeholders.

### CORPORATE ETHICS

As a responsible corporate the Company consciously follows corporate ethics in business and corporate interactions. The various Codes and Policies adopted by the Company that determine its functioning are:

- Code of Conduct and Ethics for Senior Management
- Code of Conduct for Prevention of Insider Trading
- Policy on Corporate Social Responsibility
- Policy on Corporate Governance
- Policy on Related Party Transactions
- Legal Compliance Policy
- Whistle Blower Policy
- Policy on Vendor Grievances
- Policy on Supply Chain
- Policy on Succession Planning
- Policy on Employee Participation in Management
- Policy on Conflict Management
- Policy on Training for Board of Directors
- Policy on Induction of Directors
- Board Charter
- Forex Risk Management Policy
- Policy on Corporate Sustainability
- Policy on Sexual Harassment at Workplace
- Policy on Board Evaluation
- Policy on Nomination and Remuneration
- Policy for determining Material Subsidiaries
- Policy for Preservation and Archival of Documents
- Policy on Disclosure of Material Events
- Policy on Bio-diversity
- Gift Policy

- Health Safety and Environment Policy
- Human Rights Policy
- Policy on Control of Stationary
- Policy for Preservation and Archival of Documents

The effective implementation of these codes / policies underpins the commitment to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance stakeholder value. These codes / policies are briefly described in the report..

## DATE OF REPORT

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2019. The Report is updated as on the date of the report wherever applicable.

## B. BOARD OF DIRECTORS

### ROLE OF BOARD OF DIRECTORS

The Board has its own charter which sets out the role, structure, responsibilities and operation of the Board. Nagarjuna Fertilizers and Chemicals Limited (hereinafter referred to as 'NFCL') is a professionally managed Company functioning under the overall supervision of the Board of Directors. Its Board comprises of Independent and Non-Independent Directors, including an Independent Woman Director in line with the provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

The primary role of the Board is that of trusteeship to protect the interest of Company, its stakeholders and enhance their value. As trustee, the Board ensures that the Company has clear goals and policies for achievement which are in alignment with the Vision and Mission of the Company.

The Board provides strategic direction, reviews corporate performance, authorizes and monitors strategic decisions, ensures regulatory compliances and safeguards interest of Stakeholders.

The Board is responsible for maintaining and nurturing high levels of Corporate Governance in the Company.

### PECUNIARY RELATIONSHIP

Non-Executive Directors / Independent Directors are committed to maintain a high level of Corporate Governance and as such they do not have any material pecuniary relationship with the Company except as stated in the Corporate Governance report.

### COMPOSITION

The Board of Directors of the Company consists of an optimum combination of Executive, Non-Executive and Independent Directors, including women director, from eminent and diverse fields.

The Board comprises of nominees of IDBI Bank Limited and

co-promoter Company Krishak Bharathi Cooperative Limited and a nominee of core promoter Company.

As on March 31, 2019 the Company needs to appoint two independent directors in compliance with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The composition of the Board as on March 31, 2019 is as under.

Category	No. Of directors	% of total no. of Directors
Executive Directors	1	14.28
Non-Executive Directors	1	14.28
Nominee Directors	3	42.86
Independent Directors	2	28.58

The composition of the Board has since undergone changes, pursuant to resignation of Mr. Syed Shahabuddin and Mr. C.B. Mouli and appointment of Mrs. Girija Bhan and Hon'ble Shri Justice K.C. Bhanu (Retd.) as Independent Directors and Company is required to appoint one Independent Director on the Board as on the date of the Report.

## DIRECTORS ATTENDANCE AND DIRECTORSHIP AND COMMITTEE MEMBERSHIPS HELD

None of the Directors of your Company are Directors on the Board of more than 20 companies or 7 listed companies or 10 Board level Committees or Chairman in more than 5 Committees, across all companies in which they are Directors.

The details of the Board and Annual General Meeting attendance, Membership in all the Committees of Board of the Company and Directorships including the name of the Listed Company and category of Directorships and Committee positions held in other companies, for the year 2018-19 are as under:

Director	DIN No	Attendance Particulars at			Committees of Board of NFCL	No. of Board, all the Committee Memberships & Chairmanship (other than NFCL) in Public, Pvt., Sec.8 of Companies Act, 2013 etc.				
		Board Meetings		AGM held on September 29, 2018		Board			Board Committees &	
		Held	Attended			Chairman	Director	Name of Listed Company and Category of Directorship	Chairman	Member
INDEPENDENT										
Dr. N. C. B Nath@	00026509	3	3	Yes		-	-	-	-	-
Ms. Lalitha Raghuram	07161344	4	4	Yes	· Audit Committee	-	1	Nagarjuna Oil Refinery Limited – Independent Director	1	2
					· Nomination and Remuneration					
					· Stakeholders Relationship Committee					
					· Corporate Social Responsibility Committee					
Mr. C B Mouli	00042949	5	5	Yes	· Audit Committee	-	6	-	4	6
					· Nomination and Remuneration Committee					
					· Risk Management Committee					
					· Stakeholders Relationship Committee					
Mr. D Ranga Raju #	00066546	0	0	No	Nil	-	-	-	-	-
Capt. Hariharan Ramanathan \$	03150763	3	3	Yes	Nil	-	-	-	-	-
NON EXECUTIVE										
Mr. Chandra Pal Singh Yadav	00023382	2	2	Yes	Nil	4	5	Nagarjuna Oil Refinery Limited – Non-executive Director	4	-
Mr. Uday Shankar Jha	00056510	5	5	Yes	· Audit Committee	0	1	-	-	1
					· Management Committee					
					· Shares & Debentures Committee					
					· Banking Committee					
					· Investment committee					
NOMINEE										
Mr. Syed Shahabuddin %	00985532	5	5	Yes		-			-	-
Mr. VVS Ravindra ^	01887879	1	1	No	· Nomination and Remuneration Committee	-		Surya Lakshmi Cotton Mills Ltd – Nominee Director		4
					· Management Committee					
					· Risk Management Committee					
					· Stakeholders Relationship Committee					
					· Corporate Social Responsibility					
Mr. Chintapalli Srinivasu &	00645263	1	1	Yes	-	-		-	-	-
Mr. O Ramesh Babu *	05149448	1	1	No	-			-	-	-
Mr. P R Anil Kumar @@	06802394	-	-	-	-	-		-	-	-
EXECUTIVE DIRECTORS										
Mr. K. S. Raju **	00008177	4	4	Yes	-	1		-	1	3
Mr. K. Rahul Raju	00015990	5	5	Yes	· Shares & Debentures	--	6	-	--	1
					· Banking					
					· Management					
					· Investment					
					· Risk Management					
					· Corporate Social responsibility					
					· Asset Sale					



@ Mr. N C B Nath has resigned from office of Directorship with effect from December 03, 2018.

# Mr. D Ranga Raju ceased to be a Director with effect from May 27, 2019.

\$ Capt Hariharan Ramanathan ceased to be a director with effect from November 13, 2018, due to sad demise.

% Mr. Syed Shahabuddin, resigned from the office of directorship with effect from June 13, 2019

^ Mr. V V S Ravindra, has been appointed as the Nominee of IDBI Limited with effect from October 20, 2018

& Mr. Chintapalli Srinivasu, ceased to be a Director with effect from September 29, 2018, consequent to withdrawal of Nomination by IDBI Limited.

\* Mr. O Ramesh Babu, ceased to be a Director with effect from July 17, 2018, consequent to withdrawal of Nomination by IFCI Limited.

@@ Mr. P R Anil Kumar, ceased to be a Director with effect from April 16, 2018, consequent to withdrawal of Nomination by ICICI Bank Limited.

\*\* Mr. K S Raju, retired from the Company with effect from January 19, 2019.

### Meetings of the Board

During the year under review the Board of Directors met five times on May 25, 2018, July 27, 2018, November 09, 2018, January 19, 2019 and February 8, 2019.

### RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

Mr. K. Rahul Raju is the son of Mr. K S Raju, who was the Chairman & Whole Time Director of the company till January 19, 2019. There is no other inter-se relationship with other directors and KMP of the Company.

### BOARD AGENDA AND MINUTES

As a system, Agenda, Notes on Agenda and information to Directors are generally circulated not less than seven days before the meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting.

The Company is in compliance of Secretarial Standard on Meetings of Board of Directors and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India.

The Board of Directors meets at least once in every quarter to review the quarterly financial results and operations of the Company. Apart from this, Board Meetings are convened by giving appropriate notice to address specific needs and business requirements of the Company.

Matters of urgent nature are approved by the Board by passing resolutions through circulation.

The dates of the Board Meeting are decided well in advance and are communicated to the directors to enable them make it convenient to attend the meeting. The maximum time gap between any two consecutive meetings did not exceed 120 days.

The Company has a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and Committees of the Board. The Company presents a comprehensive Action Taken Report of the previous meeting to the Board of Directors at the ensuing Meeting of the Board of Directors.

### INFORMATION TO THE BOARD

The Board has complete access to all the information within the Company inter-alia the following information is regularly provided to the Board as part of the agenda papers.

- a) Monthly operations report and quarterly results of the Company.
- b) Annual operating plans, budgets, capital budgets, cash flow, updates and all variances.
- c) Contracts in which Directors are deemed to be interested.
- d) Materially important show-cause notices, demand, prosecutions or other legal notices.
- e) Materially relevant default in financial obligations to and by the Company.
- f) Significant labour problems and their proposed solutions and other significant developments.
- g) Compliance of any regulatory, statutory nature or listing requirements.
- h) Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.
- i) Status of subsidiary companies.
- j) Minutes of meetings of the Board of Directors of subsidiary companies.
- k) Details of related party transactions.
- l) Quarterly compliance report in terms of SEBI (Listing Obligation and Disclosure Requirements) and any non-compliance.
- m) Report on risk assessment and minimisation procedures.
- n) Information on recruitment and remuneration of senior managerial personnel below the Board level.
- o) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- p) Issues which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- q) Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- r) Details of any joint ventures or collaboration agreements.
- s) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- t) Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

## REVIEW OF LEGAL COMPLIANCE REPORTS

The Board periodically reviews the compliance reports in respect of the various statutory enactments applicable to the Company.

## APPOINTMENT OF THE DIRECTORS

### Non-Executive Director

Mr. Uday Shankar Jha and Mr. Chandra Pal Singh Yadav, Directors of the Company are liable to retire by rotation in compliance with the requirement of Section 152 of the Companies Act, 2013 and being eligible offers themselves for reappointment as Director.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of Mr. Uday Shankar Jha and Mr. Chandra Pal Singh forms part of Notice of the Annual General Meeting.

### Independent Director

Independent Directors play an important role in the governance processes of the Board. The appointment of Independent Director is done in a structure manner taking the requirement of skill sets and competence on the Board into consideration. The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. None of the Independent Directors serve as "Independent Directors" in more than seven listed companies, in line with the requirements of the Listing Regulations.

The Independent Director(s), have at the first meeting of the Board in which they participate as Director and thereafter at the first meeting of the Board in every financial year, confirmed that they meet the criteria of independence as provided under the Companies Act, 2013 and Listing Regulations.

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, and the Regulation 25 Listing Regulations, it is proposed to appoint Hon'ble Shri Justice K.C. Bhanu (Retd.) and Mrs. Girija Bhan as Independent Directors of the Company, not liable to retire by rotation, up to the conclusion of the 18th Annual General Meeting.

The appointment is being placed before the Members of the Company at the 13th Annual General Meeting for their approval.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Hon'ble Shri Justice K.C. Bhanu (Retd.) and Mrs. Girija Bhan forms part of Notice of the Annual General Meeting.

## DETAILS OF FAMILIARIZATION PROGRAMMES TO DIRECTORS

The company believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations.

As a practice, a familiarization programme for all the directors,

with respect to changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations and economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions, is an ongoing process in the company.

While inducting Directors on the Board, formal letter of appointment are issued to the Directors, inter alia, explaining their role, function, duties and responsibilities as Directors. The Memorandum and Articles of Association of the Company, copies of Annual Reports for the previous financial years, half year reports, organization structure, Company policies including Code of Conduct, Insider Trading Policy and Board Charter, Whistle Blower Policy etc. are also provided to the directors at the time of induction. The web link of familiarization programme is <http://www.nagarjunafertilizers.com/pdfs/Familiarization%20Prog.pdf>

## REMUNERATION POLICY

The Nomination and Remuneration Policy has been adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance of Section 178 of the Act and Listing Regulations.

This Policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

## REMUNERATION TO DIRECTORS

The Company has adopted a Nomination and Remuneration Policy in compliance of Section 178 of the Act and Listing Regulation. The Policy acts as a guideline for determining, among other things, the qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has adopted a Policy on Board Evaluation in compliance of Act and the Regulation 19 of Listing Regulations. The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Directors on regular basis and to take necessary steps for improving the effectiveness of the Board. The Nomination and Remuneration Committee of the Board is responsible for the evaluation of the Board, Committee and Directors.

## Remuneration to Non-Executive Directors / Independent Directors

The Non-Executive Directors of the Company, whether Independent or Non-Independent, are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors which is within the limits prescribed under the Companies Act, 1956 and the Company has not paid any other fee or compensation to the Non-Executive Directors.

There were no other pecuniary relationships or transactions between the Non-Executive Directors, their associates or relatives, and the Company during the Financial Year 2018-19.

The details of remuneration paid to Non-Executive / Independent Directors of the Company during 2018-19 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors are as under:

Name of the Director	Sitting Fees paid for attending meetings of the Board of Directors / Committees of Directors (in Rs.)
<b>INDEPENDENT</b>	
Dr. N. C. B. Nath#	2,40,000
Capt. Hariharan Ramanathan @	45,000
Ms. Lalitha Raghuram	1,20,000
Mr. Uday Shankar Jha	1,05,000
Mr. C B Mouli	1,50,000
<b>NON-EXECUTIVE</b>	
Mr. Chandra Pal Singh Yadav	30,000
<b>NOMINEE</b>	
Mr. Chintapalli Srinivasu %	1,35,000
Mr. O.Ramesh Babu *	15,000
Mr. Syed Shahabuddin^	2,40,000
Mr. V V S Ravindra&	15,000

# Mr. N C B Nath has resigned from office of Directorship with effect from December 03, 2018.

@ Capt Hariharan Ramanathan ceased to be a director with effect from November 13, 2018, due to sad demise.

% Mr. Chintapalli Srinivasu, ceased to be a Director with effect from September 29, 2018, consequent to withdrawal of Nomination by IDBI Limited.

\* Mr. O Ramesh Babu, ceased to be a Director with effect from July 17, 2018, consequent to withdrawal of Nomination by IFCI Limited.

^ Mr. Syed Shahabuddin, resigned from the office of directorship with effect from June 13, 2019.

& Mr. V V S Ravindra, has been appointed as the Nominee of IDBI Limited with effect from October 20, 2018.

### Remuneration to Executive Directors

The Executive Directors remuneration is subject to compliance of Schedule V of the Companies Act, 2013 and other applicable provisions. The Board, on the recommendations of the Nomination and Remuneration Committee, considers the remuneration of the Executive Directors. The Board recommends the remuneration of Executive Directors, for approval of the shareholders, at the General Body Meeting or any such authority as may be required.

The remuneration paid is determined keeping in view the

industry benchmark, the relative performance of the Company and on review of remuneration packages of CEO's of other organizations in the industry.

Apart from the above, the Executive Directors do not receive any other remuneration.

Perquisites include housing, medical reimbursement; leave travel concession, club fees, personal accident insurance, earned leave and car among others.

The Company has not entered into any contract with the managerial personnel and the notice period is governed by the rules of the Company and no severance fees is payable.

The Company does not have any stock option scheme for the managerial personnel.

The details of remuneration approved by the Members of the Company, for payment to Executive Directors, during 2018-19 are as under:

Directors Name	Salary per month	Commission	Perquisites
Mr. K. S. Raju*	Rs.5,00,000/-	0.5% of the net profits of the Company limited to annual salary	Perquisites other than medical reimbursement are restricted to an amount equal to the annual salary.
Mr. K. Rahul Raju	Rs.5,00,000/-	0.5% of the net profits of the Company limited to annual salary	Perquisites other than medical reimbursement are restricted to an amount equal to the annual salary.

\* Mr. K S Raju, Whole Time Director and Chairman of the Company has retired from the Company with effect from January 19, 2019.

The Shareholders at the Eleventh Annual General Meeting held on September 26, 2017 approved the Appointment of Mr. K Rahul Raju as Managing Director and Mr. K S Raju as Whole Time Director / Chairman of the Company for a period of three years with effect from August 1, 2017, at a Managerial Remuneration of Rs.500,000/-per month. An application to this effect has been filed with the Central Government (Ministry of Corporate Affairs) for its approval.

Subsequently, the Ministry of Corporate Affairs, vide notification dated September 12, 2018, notified the Sections (viz., Section 196 of 203 of Companies Act, 2013) pertaining to Managerial Remuneration, as altered vide Companies (Amendment) Act, 2017; and has also altered the relevant Rules and Schedule V to align.

As per the amendment, the approval of Central Government is no longer required for paying remuneration beyond 11% of net profit of the Company. However, in case of companies that have defaulted on payment to Banks, Financial Institutions or any other secured creditor, the government has made it mandatory for prior approval of secured creditors before placing the matter for shareholders' approval at the General Meeting.

Consequent to notification, all the application before the Central Government shall abate and companies are required to obtain requisite approvals for those proposals, from the Members of the company within one year. The fact that, the Company applied for extension of its 13th Annual General Meeting, the matter is part of this Annual General Meeting.

## **PERFORMANCE EVALUATION OF DIRECTORS AND CRITERIA FOR EVALUATION:**

As per the provisions of the Companies Act, 2013 and Listing Regulations, the company has devised a framework for performance evaluation of Independent Directors, Board, Committees and other Directors. A structured questionnaire was prepared after taking into consideration, inputs received from the Directors covering various aspects of the Board's functioning such as composition of the Board and its Committees, execution and performance of specific duties, obligations and governance, information flows, decision making, Board dynamics, Company performance, etc.

Based on the responses to the questionnaires received from the Directors, the Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

## **RELATED PARTY TRANSACTIONS**

The Board's Report contains information in this regard.

## **LEAD INDEPENDENT DIRECTOR**

Mr. C B Mouli, the Chairman of the Audit Committee of Board of Directors, was the Lead Independent Director. The Lead Independent Director on behalf of the Independent Directors provides structural feedback to the Board to encourage healthy discussions and openness among the Board Members.

Mr. C.B. Mouli resigned as the Director of Company w.e.f. October 10, 2019.

## **MEETINGS OF INDEPENDENT DIRECTORS**

The Companies Act, 2013 and Listing Regulations mandate that Independent Directors of the Company shall meet at least

once every year without the presence of Executive Directors or management personnel. Such meetings enable Independent Directors to discuss matters pertaining to the Company's affairs and matters mentioned in Schedule IV to the Act.

The Independent Directors met on May 23, 2019, and apart from other matters connected to the operations and strategy of the Company, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

## **RESPONSIBILITIES OF THE DIRECTORS**

### **Responsibilities of the Board**

The primary role of the Board is that of trusteeship to protect and enhance shareholder value. As a trustee, the Board ensures that the Company has clear goals and policies for achievement. The Board oversees the Company's strategic direction, makes strategic intervention, reviews corporate performance, authorises and monitors strategic decision, ensures regulatory compliance and safeguards interests of stakeholders.

### **Responsibilities of the Chairman and Managing Director**

The Board of Directors at their Meeting held on August 09, 2017, delegated powers to Mr. K. S. Raju, Chairman, retired with effect from January 19, 2019 and Mr. K. Rahul Raju, Managing Director to enable them to carry out the day-to-day operations of the Company. The powers encompass all areas such as finance, personnel, legal, general and miscellaneous powers.

## **SHARES HELD BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS**

Mr. K. S. Raju, Chairman, retired with effect from January 19, 2019, and Mr. K. Rahul Raju, Managing Director do not hold any shares in the Company as on March 31, 2019.

None of the Non-Executive Directors held shares in the Company as on March 31, 2019.

## **CODE OF CONDUCT AND ETHICS**

The Company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code was circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears as annexure to the Corporate Governance report.

## **TRAINING FOR THE BOARD MEMBERS**

As part of ongoing knowledge sharing, the Board of Directors are updated with relevant statutory amendments and landmark judicial pronouncements encompassing important laws such



as Company law, SEBI Law, Income Tax Law, among others at meetings of the Board of Directors.

The Board of Directors met periodically with Senior Managerial Personnel and discuss areas of interest of the Company.

The Company, as a good governance practice, put in place a “Policy on Training of Board of Directors”.

## COMMITTEES TO THE BOARD

The Board of Directors constituted various committees with adequate delegation to focus on specific areas and take decisions so as to discharge the Company's day-to-day affairs. Each Committee is guided by its charter, which defines the composition, scope and powers of the Committee. All decisions and recommendations of the Committees are placed before the Board of Directors. The Committees constituted by the Board are:

### AUDIT COMMITTEE

The Committee comprises of Two Independent Directors, and One Non-Executive Director. The Company Secretary acts as secretary of the Audit Committee.

The Managing Director, Chief Financial Officer, representatives of statutory auditors, internal auditors and such other executives of the Company are present as invitees for the Meetings of the Audit Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

All the Members of the Committee possess adequate knowledge of finance and accounts. The scope of the activities of the Committee is in conformity with Regulation 18 of Listing Regulations read with Section 177(4) of the Companies Act, 2013.

The Members of the Audit Committee and the various dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Category		Attendance at the Audit Committee Meetings held on			
			25.05.2018	27.07.2018	09.11.2018	08.02.2019
Dr. N. C. B. Nath@	Chairman	Independent	√	√	√	NA
Mr. K. S. Raju#	Member	Whole Time Director	√	√	√	NA
Smt. Lalitha Raghuram	Member	Independent	√	X	√	√
Mr. C B Mouli##	Member	Independent	√	√	√	√
Mr. Syed Shahabuddin\$	Member	Nominee Director	√	√	√	√
Mr. Uday Shankar Jha%	Member	Non-Executive Director	NA	NA	NA	√
Mr. Hari Haran Ramanathan*	Member	Independent Director	NA	NA	NA	NA
Mrs. Girija Bhan^	Member	Independent Director	NA	NA	NA	NA

@ Mr. N C B Nath Ceased to be Member with effect from December 03, 2018.

# Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

## Mr. C.B. Mouli, ceased to be a Member with effect from October 10, 2019.

\$ Mr. Syed Shahabuddin, ceased to be a Member with effect from June 13, 2019.

% Mr. Uday Shankar Jha, has been inducted as the member with effect from November 15, 2018.

\* Mr. Hari Haran Ramanathan has been inducted with effect from November 09, 2018, subsequently vacated due to sad demise on November 13, 2018.

^ Mrs. Girija Bhan, has been inducted as the member with effect from November 11, 2019.

The quorum for the Audit Committee is two Members or 1/3rd of the strength of the Audit Committee, whichever is higher with at least two Independent Directors present at the meeting.

### Terms of Reference

- 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.
- Recommending to the Board, the appointment, re-appointment remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:

- i. Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgement by management.
  - iv. Significant adjustments made in the financial statements arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Qualifications in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
  - f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
  - g) Review and monitor the auditor's independence and performance and effectiveness of audit process.
  - h) Approval or any subsequent modification of transactions of the Company with related parties.
  - i) Scrutiny of inter-corporate loans and investments.
  - j) Valuation of undertakings or assets of the Company, wherever it is necessary.
  - k) Evaluation of internal financial controls and risk management systems.
  - l) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - m) 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.
  - n) Discussion with internal auditors any significant findings and follow up thereon.
  - o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - p) 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.
  - q) 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.
  - r) To review the functioning of the Whistle Blower mechanism.
  - s) To approve the appointment of CFO / Whole time Finance Director.
  - t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  - u) To consider and commend to the Board appointment of Cost Auditor of the Company.

#### **REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2019**

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.
- c. The Audit Committee noted the Audit Report, the view of the Auditee and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the course of the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.
- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee has recommended to the Board the appointment of M/s. M Bhaskara Rao & Co., Chartered Accountants as statutory auditors of the Company for term of two more years to carry out audit of the accounts of the Company commencing from the conclusion of 13th

AGM till the conclusion of 15th AGM i.e., for the Financial Year 2019-20 and 2020-21. M/s. M Bhaskara Rao & Co., have confirmed their eligibility under Section 141 of the Companies Act, 2013.

- i. M/s. M Bhaskara Rao & Co., have also confirmed that they have a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as per the requirements of Regulation 33(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- j. The Committee has recommended to the Board, the appointment of M/s. Sagar & Associates as Cost Accountant of the Company, for the financial year 2019-20.
- k. M/s. Sagar & Associates have confirmed that:
  - a. They are eligible to be appointed as Cost Auditor

of the Company pursuant to Section 141 of the Companies Act, 2013.

- b. They hold a valid certificate of practice.
- c. They are not disqualified under any of the provisions of Section 148 of the Companies Act, 2013 and further stated that they are maintaining an arm's length relationship with the Company.

Hyderabad  
May 24, 2019

Sd/-  
Chairman,  
Audit Committee

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of three directors with two Independent Director.

The details as to Members of the Committee and the various dates on which meetings were held and their attendance particulars are as under:

Name of the Member	Category		Date of Meeting and attendance particulars			
			25.05.2018	27.07.2018	09.11.2018	08.02.2019
Dr. N. C. B. Nath@	Chairman	Independent	√	√	√	NA
Mr. C B Mouli#	Member	Non-Independent	NA	NA	NA	√
Mr. Chintapalli Srinivasu \$	Member	Non-Independent	X	√	NA	NA
Ms. Lalitha Raghuram%	Member	Independent	NA	NA	NA	√
Mr. V V S Ravindra^	Member	Nominee	NA	NA	NA	√
Mr. Uday Shankar Jha&	Member	Non-Executive	NA	NA	√	NA
Mrs. Girija Bhan**	Member	Independent	NA	NA	NA	NA

@ Dr. N C B Nath ceased to be a Member with effect from December 03, 2018.

# Mr. C B Mouli, ceased to be a member with effect from October 10, 2019.

\$ Mr. Chintapalli Srinivasu, ceased to be a member with effect from September 29, 2018.

% Mr. Lalitha Raghuram, has been inducted as the member with effect from January 19, 2019.

^ Mr. V V S Ravindra, has been inducted as the member with effect from November 09, 2018.

& Mr. Uday Shankar Jha has been inducted as a member with effect from July 27, 2018 and subsequently ceased as a member with effect from January 19, 2019.

\*\* Mrs. Girija Bhan, has been inducted as the member with effect from November 11, 2019.

The quorum for the meeting is two Members present in person.

### Terms of Reference:

The matters that are considered necessary in relation to shareholders, debenture holders, investors and various other stakeholders of the Company in relation to Transfer of shares, Non- receipt of declared dividends, Non-receipt of balance sheet, Complaints directly concerning the shareholders/ investors as stakeholders of the Company but not limited to the above mentioned matters.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted by the Board of Directors in compliance with Section 178(1) of the Companies Act, 2013 and Regulation 19 of Listing Regulations.

The Nomination and Remuneration Committee met twice during the year. .

The details as to Members of the Nomination and Remuneration Committee and their attendance particulars are as under:

Name of the Member	Category		Date of Meeting and attendance particulars	
			25.05.2018	26.07.2018
Dr. N C B Nath@	Chairman	Independent	√	√
Mr. K. S. Raju#	Member	Non-Independent	√	√
Ms. Lalitha Raghuram	Member	Independent	√	X
Mr. Srinivasu Chintapalli\$	Member	Non-Independent	√	X
Mr. C B Mouli%	Member	Independent	NA	NA
Mr. V V S Ravindra^	Member	Nominee Director	NA	NA
Mrs. Girija Bhan**	Member	Independent	NA	NA

@ Dr. N C B Nath ceased to be a Member with effect from December 03, 2018.

# Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

\$Mr. Chintapalli Srinivasu, ceased to be a member with effect from September 29, 2018.

%Mr. C B Mouli, ceased to be a member with effect from October 10, 2019.

^ Mr. V V S Ravindra, has been inducted as the member with effect from November 09, 2018.

\*\* Mrs. Girija Bhan, has been inducted as the member with effect from November 11, 2019.

The quorum for the meeting is two Members or 1/3 of the members whichever is greater with atleast one Independent Director.

#### Terms of Reference:

- 1) Formulate and recommend to the Board a Remuneration Policy, relating to the remuneration for the directors, key managerial personnel and other employees and review/ modify the same from time to time
- 2) Formulate criteria for determining qualifications, positive attributes and independence of a director and review/ modify the same from time to time
- 3) Identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
- 4) Carry out evaluation of every director's performance.
- 5) Devising a policy on Board diversity.
- 6) To select, retain and terminate the services of any consultant who shall assist the Committee in discharging its functions.

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee met once during the year.

The composition of the Committee and the details of Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	Date of Meeting and attendance particulars
		27.07.2018
Dr. N. C. B. Nath@	Chairman	√
Mr. K S Raju#	Member	√
Mr. K Rahul Raju	Member	√
Mr. Chintapalli Srinivasu\$	Member	√
Ms. Lalitha Raghuram%	Member	NA
Mr. V V S Ravindra^	Member	NA

@ Dr. N C B Nath ceased to be a Member with effect from December 03, 2018.

# Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

\$ Mr. Chintapalli Srinivasu, ceased to be a member with effect from September 29, 2018.

%Ms. Lalitha Raghuram has been inducted as the member with effect from January 19, 2019.

^ Mr. V V S Ravindra, has been inducted as the member with effect from November 09, 2018.

The quorum for the meeting is two Members present in person.

#### The terms of reference:

- 1) To formulate and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013
- 2) To recommend the amount of expenditure to be incurred

- 3) To institute a transparent monitoring mechanism for the implementation of the Policy from time to time.

### RISK MANAGEMENT COMMITTEE

Business Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks as also to identify business opportunities.

Even though Regulation 21 of Listing Regulations is not applicable to the Company, the Board of Directors of the Company constituted a Risk Management Committee of the Board on May 29, 2014, as a good governance initiative. The scope of the activities of the Committee is in conformity.

The Risk Management Committee of Directors met three times during 2018-19.

The table below lists the Members of the Risk Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars		
		25.05.2018	27.07.2018	09.11.2018
Dr. N. C. B. Nath@	Chairman	√	√	√
Mr. K S Raju#	Member	√	√	√
Mr. K Rahul Raju	Member	√	√	√
Mr. Syed Shahabuddin\$	Member	X	√	√
Mr.Chintapalli Srinivasu%	Member	√	√	NA
Mr. C B Mouli^	Member	NA	NA	NA
Mr. V V S Ravindra&	Member	NA	NA	NA

@ Dr. N C B Nath ceased to be a Member with effect from December 03, 2018.

# Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

\$ Mr. Syed Shahbuddin ceased to be a member with effect from June 13, 2019.

% Mr. Chintapalli Srinivasu, ceased to be a member with effect from September 29, 2018.

^Mr. C B Mouli has been inducted as the member with effect from January 19, 2019.

& Mr. V V S Ravindra, has been inducted as the member with effect from November 09, 2018.

The Chief Risk Officer of the Company and the Compliance Officer attend all the meetings of the Risk Management Committee.

The quorum for the meeting is two Members present in person.

#### The terms of reference of the Committee are as follows:

- To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company.
- Framing, implementing and monitoring the risk management plan of the Company and such other functions as delegated by the Board from time to time.

### SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee comprises of:

a.	Mr. K S Raju@	Chairman
b.	Mr. Uday Shankar Jha#	Member
c.	Mr. K. Rahul Raju	Member

@ Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

# Mr. Uday Shankar Jha has been inducted as the member with effect from January 19, 2019.

The Committee met 29 times during the year 2018-19 apart from considering the matters through circulation.

The quorum is two Members present in person.

#### Terms of reference:

Allotment of shares, debentures, securities, accept calls in advance and/or share capital not called up, approve/reject or otherwise deal with applications for transfer, transmission, transposition, mutation of shares and debentures, issue share and debenture certificates including duplicate, split, sub-divide or consolidated certificates and to deal with all related matters.



## MANAGEMENT COMMITTEE

The Management Committee of Directors met four times during 2018-19.

The table below lists the Members of the Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		25.05.2018	27.07.2018	09.11.2018	08.02.2019
Mr. K. S. Raju@	Chairman	√	√	√	NA
Dr. N C B Nath#	Member	√	√	√	NA
Mr. K. Rahul Raju	Member	√	√	√	√
Mr. Syed Shahabuddin \$	Member	√	√	√	√
Mr. Chintapalli Srinivasu%	Member	X	√	NA	NA
Mr. VVS Ravindra^	Member	NA	NA	NA	X
Mr. Uday Shankar Jha&	Member	NA	NA	NA	√

@Mr. K S Raju, Whole Time Director and Chairman of the Company has retired from the Company with effect from January 19, 2019.

# Dr.N C B Nath ceased to be a Member with effect from December 03, 2018.

\$ Mr. Syed Shahabuddin, ceased to be a member with effect from June 13, 2019.

% Mr. Chintapalli Srinivasu, ceased to be a member with effect from September 29, 2018.

^ Mr. V V S Ravindra, has been inducted as the member with effect from November 09, 2018.

& Mr. Uday Shankar Jha has been inducted with effect from January 19, 2019.

The quorum is two Members present in person.

### Terms of reference:

1. To review the operations of the Company from time to time and also formulate and review corporate objectives and strategies including long range plans for expansion / diversification of the Company's activities.
2. To formulate annual budgets/business plans for the Company.
3. To approve capital expenditure other than proposals for expansion, diversification, modernization and de-bottlenecking, including Research Projects and R&D division and investment in immovable property, above Rs.5 crores up to Rs.10 crores per proposal, excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
4. To approve revenue expenditure above Rs.5 crores up to Rs.10 crores in case of procurements on a single tender basis or above Rs.10 crores up to Rs.15 crores on multi-tender basis excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
5. To make donations/contributions to charitable and other funds other than to any political party or for political purposes up to an aggregate amount of Rs.10 lakhs in any financial year.
6. To lay down and review from time to time the Company's employment policy.

## BANKING COMMITTEE

The committee has not met during the year under review 2018-19.

The Banking Committee comprises of

Mr. K. S. Raju@	Chairman
Mr. K. Rahul Raju	Member
Mr. Uday Shankar Jha#	Member

@ Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

# Mr. Uday Shankar Jha has been inducted with effect from January 19, 2019.

The quorum is two Members present in person.

### Terms of reference:

Availment of fund-based and non-fund-based credit facilities by the Company from Financial Institutions and Banks as per the limits delegated by the Board of Directors of the Company.

## INVESTMENT COMMITTEE

The committee has not met during the year under review 2018-19.

The Investment Committee comprises:

Name of the Member	Category
Mr. K. S. Raju@	Chairman
Mr. K. Rahul Raju	Member
Mr. Uday Shankar Jha#	Member

@ Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

# Mr. Uday Shankar Jha has been inducted with effect from January 19, 2019.

The quorum is two Members present in person.

### Terms of reference:

- Investment of surplus funds in units, discounting of LC backed bills, clean bill discounting, inter-corporate deposits and investment in shares.
- To disinvest or pledge the securities such as shares, debentures, government bonds, among others, held by the Company in its name from time to time and do all such acts, deeds and things that are necessary in this regard.

## ASSET SALE COMMITTEE

The Board of Directors of the Company had constituted an Asset Sale Committee of the Board of Directors on July 23, 2015 to look into matters of asset monetization of the Company.

The table below lists the Members of the Asset Sale Committee

Name of the Member	Category
Mr. Uday Shankar Jha	Chairman
Mr. K S Raju@	Member
Mr. K Rahul Raju^	Member
Mr. Anil Kumar PR#	Member
Mr. Syed Shahabuddin\$	Member
Mr. Chintapalli Srinivasu%	Member
Mr. V V S Ravindra&	Member

@ Mr. K S Raju, Whole Time Director of the Company has retired from the Company with effect from January 19, 2019.

^ Mr. K Rahul Raju, ceased to be a member with effect from November 09, 2018.

# Mr. Anil Kumar P R, ceased to be a member with effect from April 16, 2018.

\$ Mr. Syed Shahabuddin, ceased to be a member with effect from June 13, 2019.

% Chintapalli Srinivasu, ceased to be a member with effect from September 29, 2018.

& Mr. V V S Ravindra, has been inducted as the member with effect from November 09, 2018.

The quorum is two Members present including one Institutional Nominee present.

The Committee did not meet during the year in review.

### The terms of reference of the Committee are as follows:

- To monitor the progress in asset monetization by sale of various assets considered non-performing.

## RISK ASSESSMENT AND MINIMISATION PROCEDURE

The Company formulated an Enterprise Risk Management System to manage and mitigate unforeseen risks. The implementation of this system is through the Risk Management Steering Committee. The Committee is supported at the plant by the Plant Risk Management Committee and at the corporate office by Corporate Risk Management Committee.

The Committee at an early stage identifies, manages and responds to critical, cautionary and manageable risks in a systematic manner. To actively involve and inculcate the risk management right down the organization, 'Risk Owners and Risk Champions' were appointed for each department. Board members periodically review existing/new risks and action plans formulated to mitigate the risks.

## SUBSIDIARY COMPANIES

The Company does not have any "material subsidiary" as defined in the Listing Regulations. The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through web link <http://www.nagarjunafertilizers.com/pdfs/Policy%20on%20Material%20subsidiary.pdf>

The Financial Statements and Minutes of Meeting of Board of Directors of Subsidiary Company are tabled at the Meetings of the Audit Committee and Board of Directors of the Company.

## PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated the "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" which allows the formulation of a trading plan subject to certain conditions and requires preclearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares, by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period(s) when the Trading Window to deal in the Company's shares is closed. The Company Secretary is responsible for implementation of the Code. The Board of Directors, designated employees and connected persons have affirmed compliance with the Code.

The code can be accessed through web link:

[http://www.nagarjunafertilizers.com/pdfs/Code\\_Insider\\_Trading\\_NFCL\\_Revised\\_24052019.pdf](http://www.nagarjunafertilizers.com/pdfs/Code_Insider_Trading_NFCL_Revised_24052019.pdf)

## CODE OF CONDUCT AND ETHICS

The Company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel which forms the basis of its ethics and compliance program. The Code was circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears as annexure to the Corporate Governance Report.

### C. MANAGEMENT

The management identifies, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operation. The Company developed and implemented policies, procedures and practices that attempt to translate the Company's core purpose and mission into a reality.

All these policies, procedures and practices are elaborated hereunder:

#### 1) Policy on Corporate Governance

The Company always makes conscious efforts to inculcate best global Corporate Governance practices and goes beyond adherence to regulatory framework. The Company towards its commitment to trusteeship, transparency, accountability and equality in all its dealings and to maintain positive bonding has put in place a 'Policy of Corporate Governance'.

#### 2) Policy on Corporate Social Responsibility (CSR)

The Company's dedicated philosophy of "Serving Society through Industry" is envisaged through the above policy. At Nagarjuna, CSR is an initiative to "create new value" to economic, environmental and social issues and is intended to identify your Company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

#### 3) Policy on Vendor's Grievances

To ensure consistent smooth and timely supply of quality material and services at economically viable and competitive prices from various vendors, without any grievances, the Policy on Vendors' Grievances is adopted.

#### 4) Policy on Supply Chain

Your Company, being the largest manufacturer and marketer of agri inputs in South India, introduced a 'Policy on Supply Chain', to ensure quality products are delivered on time to end customers through a network of suppliers.

#### 5) Prohibition of Insider Trading

The Company had implemented a Policy prohibiting Insider Trading in conformity with regulations of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and now is aligned the Insider Trading to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Necessary procedures have been laid for insiders identified from time to time, prohibiting trading in the securities of the Company, based on unpublished price sensitive information.

#### 6) Policy on Succession Planning

Your Company has put in place a policy on succession planning, which is an ongoing process that identifies necessary competencies, and then works to assess, develop, and retain a talent pool of associates, in order to ensure a continuity of leadership for all critical positions.

#### 7) Policy on Employee Participation in Management (EPM)

Your Company framed a mechanism where the associates have an involvement and ownership in the decision making process of the organization. The purpose of EPM is to increase production and productivity, evaluate costs, develop personnel, expand markets and risk management.

#### 8) Whistle Blower Policy / Vigil Mechanism

The Company formulated a policy in compliance with Regulation 22 of Listing Regulations and Section 177(9) of the Companies Act, 2013. The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, misappropriation of public funds, among others.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee.

No personnel of the Company were denied access to the Audit Committee.

#### 9) Legal Compliance Policy

The Company has a Legal Compliance Policy for duly complying with central, state and local laws and regulations to achieve and maintain high business standards and benchmark the internal legal practices against international standards.

The Company uses an IT-enabled Company specific Legal Compliance Management System known as "nSure" to ensure legal and regulatory compliances of various central, state and local statutes applicable across the Company.

The system provides for tracking, monitoring and compliance at one point of control.

#### 10) Policy on Conflict Management

The Company adopted a Policy on Conflict Management, which aims to resolve conflicts, at the lowest possible level, using procedures that address and respect the needs, interest and rights of associates in a fair and efficient manner. This is attained through the use of both, formal and informal conflict management processes. These tools are effectively coordinated through the Conflict Management System (CMS).

#### 11) Policy on Training for Board of Directors

At Nagarjuna, we strongly believe in continuous learning. The policy ensures that the Board of Directors, being

at the highest level in the organisation structure, too require training and development, to update themselves and provide best services to the Company. The training requirements of Directors vary in view of their nature of nomination on the Board and their training needs are structured accordingly.

## 12) Policy on Induction of Directors

The policy places the responsibility on the Chairman of the Board to ensure that all new Board members are briefed and have access to all aspects of the Company's operations. The new Directors are briefed on several matters like, duties and powers of Directors, special duties or arrangements attaching to the position, requirement to disclose Directors interest, confidentiality and right to access Company information, among others. Additionally, new Directors are provided with other information like the Company's constitution, policies, organization structure and other relevant information.

## 13) Board Charter

This Charter sets out the role, structure, responsibilities and operations of the Board of the Company and its delegation of authority to the management.

The Charter sets out the role of the Board as a Trustee of the stakeholders and the Company, who provides strategic direction, review corporate performance, authorize and monitor strategic decisions, ensure regulatory compliances and safeguard their interest.

## 14) Forex Risk Management Policy

The Company constituted a Forex Risk Committee to achieve the specific objectives of managing treasury risks within the Company's strategic approach towards business and risk management.

The Company has drawn up a Forex Risk Management Policy with the objectives of forex risk management, the risk management organization structure, the benchmarks to measure performance, operational processes to identify, measure, monitor and manage forex risks, appropriate control parameters and MIS. The minutes of the Forex Risk Committee are reviewed by the Board of Directors at every Board meeting.

## 15) Policy on Corporate Sustainability

At Nagarjuna, the environmental and community responsibility extends beyond the narrow confines of compliance with statutorily-stipulated standards and aims to maintain long term harmony.

## 16) Policy on Sexual Harassment at workplace

Policy on Sexual harassment at the work place has been framed to be in line with The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act 2013 and The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Rules 2013.

Any form of sexual harassment is unacceptable and

therefore this policy is being framed to prohibit, prevent or deter the commission of acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment.

The Company has not received any complaint alleging sexual harassment during the year 2018-19.

## 17) Policy on Related Party Transactions

The Company has formulated a Policy on Materiality of Related Party Transactions In compliance with Regulation 23 of Listing Regulations. The Company to the extent possible does ensure that there are no related party transactions and if entered into due to exigencies and in the event entered into shall enter into the transaction as if entered into between unrelated parties.

The Company has formulated a "Policy for Related Party Transactions" and can be accessed at [www.nagarjunafertilizers.com/pdfs/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.nagarjunafertilizers.com/pdfs/Policy_on_Related_Party_Transactions.pdf)

No Related Party Transaction is entered into by the Company, except in accordance with the provisions of this Policy.

## 18) Policy on Board Evaluation

The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Directors involvement in decision making in the Board.

## 19) Policy on Nomination and Remuneration

This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

## 20) Policy for determining Material Subsidiaries

The Policy for determining Material Subsidiaries pursuant to Regulation 16 (c) of Chapter IV of Listing Regulations, determines the criteria for classifying a subsidiary as 'Material' in accordance with the provisions of this Policy.

The Company has formulated a "Policy for determining Material Subsidiaries" and can be accessed at <http://www.nagarjunafertilizers.com/pdfs/Policy%20on%20Material%20subsidiary.pdf>

## 21) Policy for preservation and archival of documents

The Policy sets out the standard for classifying, managing and storing of records of the Company and establishes a framework for effective record management and the process for subsequent archival of such records.

## 22) Policy on Control of Stationary

The Policy sets out control on stationery used by Share



Transfer Agent (STA) including but not limited to blank certificates, dividend / interest / redemption warrants and to periodically verify the stationary by physical verification in a transparent manner as required by Securities and Exchange Board of India (SEBI).

### 23) Policy on Disclosure of Material Events

The Policy is drawn in accordance with Regulation 30 of Listing Regulations which states that every Company listed on the Stock Exchange shall make disclosures of any events or information which, in the opinion of the Board of Directors of the listed Company, is material.

### 24) Policy on Bio-diversity

Protecting and enhancing biodiversity which is an integral part of the Company's commitment to sustainable development.

### 25) Gift Policy

The purpose of this Policy is to inform one and all of the Company's philosophy on acceptance by associates and giving of gifts to others.

### 26) HSE Policy

To lay down a policy in relation to Health, Safety and Environment.

### 27) Human Rights Policy

The purpose of this policy is to ensure protecting human life and promoting social well-being.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Annual Report has a detailed annexure on Management Discussion and Analysis.

## MANAGEMENT DISCLOSURES

Directors and Senior Management Personnel of the Company, as well as certain identified key associates, in compliance with Regulation 26 of Listing Regulations, make annual disclosures to the Board relating to all material, financial and commercial transactions where they have interest, conflicting with the interest of the Company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

## D. STAKEHOLDERS

### DISSEMINATION OF INFORMATION

The Company established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the Company, including the quarterly results, can be viewed on the Company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

The quarterly and annual results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and published in widely circulated English newspaper and in vernacular newspaper.

### Green Initiative:

As a responsible corporate citizen, the Company supports the "Green Initiative" undertaken by the Ministry of Corporate Affairs, enabling delivery of documents including Annual Reports through electronic mode to shareholders at their e-mail address registered with the Depository Participants / Company.

The Company has proactively requested the shareholders to inform their email IDs. As an investor-friendly measure, the unaudited quarterly financial results and audited financial results for the year ended March 31, 2019 of the Company were emailed in addition to being published in newspapers.

The Company uses this channel of communication extensively to carry out substantial correspondence with the shareholders to reduce costs while maintaining reach to the shareholders. Shareholders, who have not yet registered their email IDs, may immediately do so at [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)

### BSE Filing / NEAPS facility

The Company files information to the Stock Exchanges through BSE Listing website - <https://listing.bseindia.com/LoginAuth.aspx> and NEAPS website - <https://www.connect2nse.com/LISTING/> pursuant to commencement of Trading of its Equity Shares on the Stock Exchanges.

### Investor Grievance Redressal

The company has 4,29,173 shareholders as on March 31, 2019. The Company during April 1, 2018 to March 31, 2019 received and attended/resolved 3646 letters from the investors and dematerialized/rematerialized 8473 requests for dematerialization /rematerialisation of shares.

The table below lists the details of shareholder's or depositor's queries/ complaints/requests received and resolved during 2018-19.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	19	19	0
Revalidation of dividend warrants	0	639	639	0
Share transfers	0	1049	1049	0
Demat / Remat of Shares	0	8473	8473	0
Issue of duplicate certificates	0	49	49	0
Transmission of shares *	0	331	331	0
General queries	0	3646	3646	0

### SHARE TRANSFER SYSTEM

The Company's transfer of shares is fully computerized. Applications for transfer of shares held in physical form are received at the office of the Registrars & Share Transfer Agents of the Company. All valid transfers are processed and registered within 15 days from the date of receipt.

Shares held in the dematerialised form are electronically traded in the Depository and the Registrars & Share Transfer Agents



of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

The Company obtains certificate from a practicing Company Secretary in terms of Regulation 40(9) of the Listing Regulations certifying that all the certificates have been issued within 30 days of the date of lodgment for transfer, and thereafter submit the same to the stock exchanges.

#### Remote E-voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Listing Regulations, the Company is providing remote e-voting facility of casting votes using an electronic voting system from a place other than venue of the General Meeting and voting at the General Meeting through Ballot form on all the resolutions set forth in the Notice to the Thirteenth Annual General Meeting to be held on Tuesday on December 24, 2019 at 10.00 A.M. The Company shall also provide shareholders to cast their votes at the venue of the AGM. The Company has engaged the services of Central Depository Services (India) Limited to provide remote e-voting platform to the shareholders.

Shareholders holding shares in dematerialized form and shareholders who have registered their email addresses with the Company will also receive the remote e-voting instructions by email.

Shareholders who do not have access to remote e-voting facility may use the enclosed Ballot Form and send their assent or dissent to reach the company or scrutinizer, on or before closing of business hours of December 23, 2019.

#### Compliance Officer

Mr. K. Chandra Shekar Naidu, was the Company Secretary and Compliance Officer of the Company as on March 31, 2019, for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, and the Listing Regulations.

Mr. K. Chandra Shekar Naidu, has resigned w.e.f. July 01, 2019.

#### Share Transfer Agents

The Company has been functioning as Category II Share Transfer Agent (in-house) pursuant to the Securities and Exchange Board of India approval to the Company.

#### Nomination facility

Shareholders holding physical shares may file nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules 2014 to the Company. Those holding

shares in dematerialized form may contact their respective Depository Participant to avail the nomination facility.

#### Dematerialization of shares and liquidity

The shares of the company are under the category of compulsory delivery in dematerialized mode by all categories of investors.

The company signed agreements with both the depositories, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2019, 93.15 % of the shares of the company are held in electronic mode.

**The status of the company's equity shares is furnished below:**

Total No. of equity shares	:	59,80,65,003
Total No. of shareholders as on March 31, 2019	:	4,29,173

**The table below shows the status of the equity shares of the company as on March 31, 2019:**

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Share holders	% to Total Share holders
Physical form	4,09,82,010	6.85%	1,89,348	44.12%
Held in electronic mode	55,70,82,993	93.15%	2,39,825	55.88%
Total	59,80,65,003	100.00%	4,29,173	100.00%

The Company's ISIN No. for dematerialization for both NSDL and CDSL is INE454M01024

#### RECONCILIATION OF SHARE CAPITAL AUDIT

In terms of Regulation 55A(1) of SEBI (Depositories and Participants) Regulations, 1996 a Practicing Company Secretary of the Institute of Company Secretaries of India, has carried out the Reconciliation of Share Capital Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Certificate from the Practicing Company Secretary for the same is submitted to the Stock Exchanges and is also placed before the Board of Directors.

## DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2019.

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	425537	99.15	131844462	22.05
5001 – 10000	2012	0.47	14069497	2.35
10001 – 20000	905	0.21	12370968	2.07
20001 – 30000	258	0.06	6393240	1.07
30001 – 40000	130	0.03	4558449	0.76
40001 – 50000	70	0.02	3194729	0.53
50001 – 100000	139	0.03	9579096	1.60
100001 and Above	122	0.03	416054562	69.57
TOTAL	429173	100.00	598065003	100.00

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2019

	Category	No. of shares held	% of shareholding
A.	Promoter's holding	341700129	57.13%
B.	Non-promoters holding		
I.	Institutional investors		
	a. Mutual funds and UTI	233915	0.04%
	b. Banks, financial institutions, insurance companies (Central / State Government institutions / non-government institutions)	6369407	1.07%
	c. Foreign Institutional Investors	3371903	0.56%
II.	Others		
	a. Private corporate bodies	55687871	9.31%
	b. Indian public	177997751	29.76%
	c. NRIs/OCBs	7159369	1.20%
	d. Trusts	180132	0.03%
	e. Foreign National	500	0.00%
		5364026	0.90%
	Grand Total	598065003	100.00%

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2019

S.No.	Name of the Company	%
	<b>Core Promoters</b>	
1	Amlika Mercantile Private Limited	49.51%
	<b>Co-Promoters</b>	
1	Governor of Andhra Pradesh	3.58%
2	KRIBHCO	1.84%
3	Fireseed Limited	1.47%
	<b>Others - Private Corporate Bodies</b>	
1	Zuari Agro Chemicals Limited	5.40%

@ Please refer Note Point IV (ii) of Annexure V of the Directors Report

## LIST OF PROMOTER COMPANIES OF THE COMPANY

### Core Promoters

1. Amlika Mercantile Private Limited

### Co-Promoters

1. Fireseed Limited
2. Government of Andhra Pradesh
3. Krishak Bharati Co-operative Limited
4. Saipem S.p.A. (formerly Snamprogetti S.p.A)

## GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held at Sri Satya Sai Nigamagaram, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073, as under:

No of AGM & F.Y	Date & Time	Special Resolutions passed
12th AGM, 2017-18	September 29, 2018 at 10.00 A.M	-
11th AGM, 2016-17	September 26, 2017 at 10.00 A.M	<ul style="list-style-type: none"> <li>Re-appointment of Mr. K S Raju as Director and Chairman of the Company with effect from August 1, 2017.</li> <li>Re-appointment of Mr. K Rahul Raju as Director and Managing Director of the Company with effect from August 1, 2017.</li> <li>Approval to create mortgage and / or charge on all immovable or movable properties or other assets in favour of the JLF lenders to create security.</li> <li>Approval for making contribution to Nagarjuna Foundation for amount not exceeding Rs. 1 crore during the Financial Year 2017-2018</li> </ul>
10th AGM, 2015-16	September 30, 2016 at 10.00 A.M	To sell and transfer the realized net proceeds of the Fractional Entitlements arising out of the Scheme to Investor Education and Protection Fund (IEPF)

The details of approvals accorded by Special Resolution by shareholders at the last three Extraordinary General Meetings are as under:

Date	Time	Transactions / Business approved by Special Resolutions
September 12, 2011	9.00 AM	<ul style="list-style-type: none"> <li>Alteration of Articles of Association as per Section 31 of the Companies Act, 1956.</li> <li>Contribution of sum not exceeding Rs.1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956</li> </ul>
August 19, 2011	09.00 AM	<ul style="list-style-type: none"> <li>Change of Name of the Company from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited as per Section 21 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> <li>Alteration of Articles of Association of the Company pursuant to the provisions of Section 31 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> </ul>
February 25, 2011	02.30 PM	<ul style="list-style-type: none"> <li>Cancellation of existing capital of Rs.5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme</li> <li>Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956.</li> <li>Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.</li> </ul>

## DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS

The Company has not raised any funds from the public. There are no GDRs / ADRs / Warrants or any convertible instruments as at the end of March 31, 2019.

## Commodity Price Risk/ Foreign Exchange Risk and Hedging activities:

The commodity price risk of the Company may arise mainly out of imported fertilisers due to fluctuation of prices in the international market. The Company controls such risk through dynamic sourcing strategy and supply plan including constant review of market conditions and costing of competitors. In addition to the above, the prices of natural gas are subject to fluctuation on account of change in prices of crude oil and demand-supply factors. The Company is not affected by price volatility of natural gas as the cost of natural gas is pass through under the Urea pricing policy if the consumption is within the permissible norms. The Company did not enter any transaction for hedging the commodity price risk.

The foreign exchange risk of the Company arises mainly out of import of fertilisers. The Company continuously monitors its foreign exchange exposure and hedges its foreign exchange risk exposure to the extent considered necessary through forward contracts and option structures.

## **MONEYS REMAINING UNCLAIMED WITH THE COMPANY**

There are no unclaimed fixed deposits, unclaimed deposits and interest on deposits.

There are unclaimed dividends and the same shall be transferred to Investor Education and Protection Fund as and when due for transfer.

### **Certifications:**

The Managing Director and Chief Financial Officer, certify every quarter that the unaudited financial results of the Company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

### **Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification:**

As required under Regulation 17(8) of the Listing Regulations, the Managing Director / Chief Executive Officer and Chief Financial Officer of the Company have certified the accuracy of Financial Statements, the Cash Flow Statements and adequacy of Internal Control Systems for financial reporting for the year ended March 31, 2019 and the Certificate is annexed to this Report.

### **Code of Conduct and Ethics Certification:**

The declaration given by Managing Director of the Company affirming compliance of the Code by the Board Members and Senior Management Personnel of the Company during the Financial Year 2018-19 is enclosed to this Report.

### **Corporate Governance Compliance Certification:**

A certificate from Practicing Company Secretary on Corporate Governance has been obtained and the same is appearing as an Annexure to the Report.

## **OTHER COMPLIANCES**

Your Company, in recent years, undertook a series of initiatives, going beyond regulatory requirements, to ensure excellence in governance and to promote the interests of all stakeholders.

### **Secretarial Standards of Institute of Company Secretaries of India (ICSI)**

The Company has complied with the Secretarial Standard on Meetings of Board of Directors and (SS-1) and Secretarial Standards on General Meetings (SS-2) of the Institute of Company Secretaries of India (ICSI)

### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has not received any complaints alleging sexual harassment during the financial year 2018-19.

### **Means of Communication**

The Company regularly interacts with the shareholders through multiple channels of communication. The financial results of the company as per the requirement of Listing Regulations are generally published in widely circulated English and vernacular News Papers (Andhra Prabha). The quarterly results, shareholding pattern, corporate governance reports, intimation of Board meetings, etc. are filed with the stock exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre. Simultaneously, the information is also posted on the website of the company at <http://www.nagarjunafertilizers.com>.

The investors can also find on this website the Annual Reports, Quarterly Results, details of unpaid dividend, composition of various committees of the Board, terms and conditions for appointment of independent directors, guidance and procedure to be followed by the investors for transfer, transmission and

transposition of the securities, dematerialisation, rematerialisation of shares, etc. the investor's complaints are also redressed through SEBI complaints redressal system viz., SCORES. Further, all other price sensitive information, press releases and other information is sent to the stock exchange where shares of the Company are listed and updated on Company's website.

The Company's website contains a separate dedicated section "Investor's Desk" which provides comprehensive information sought by shareholders like the Annual Report of the Company, Quarterly, half yearly and annual financial results, Stock Exchange filing, applicable Policies and details about the Company, Board of Directors and Management are available.

## GENERAL SHAREHOLDERS INFORMATION

Thirteenth Annual General Meeting to be held for Financial Year 2018-19	
Day	Tuesday
Date	December 24, 2019
Time	10.00 A.M.
Venue	KLN Prasad Auditorium, # 11-6-841, FTCCI Building, FTCCI Marg, Red Hills, Lakdikapool, Hyderabad - 500 004
Dates of Book Closure	December 17, 2019 To December 24, 2019
Registered Office	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
Compliance Officer	Mr. K. Chandra Shekar Naidu (as on March 31, 2019) Ph No.(040) 23355317. Fax (040) 23350247, Email : secretarial@nagarjunagroup.com
Share Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: +91-40-23358405 Email: Investors@nagarjunagroup.com
Dividend history for the last five years	The Company has not declared any dividend during the last 5 Financial Years Your Directors have not recommended any dividend for the Financial Year 2018-19.

The Financial year is 1st April to 31st March every year and for the FY 2019-20, the financial results are proposed to be declared as per the following tentative schedule

Particulars	Schedule
Financial reporting for the quarter ended June 30, 2019	August 13, 2019
Financial reporting for the quarter / half year ending September 30, 2019	November 12, 2019
Financial reporting for the quarter / nine months ending December 31, 2019	First fortnight of February 2020
Financial reporting for the quarter / year ending March 31, 2020	Second fortnight of May 2020
Annual General Meeting for the year ending March 31, 2020	August / September 2020

## Equity Shares the Company's equity shares are listed on the following Stock Exchanges

Name of the Stock Exchange	Address	Script Code
BSE Limited	Corporate Relationship Department, 1st Floor, New Trading Ring, Routunda Building, PJ Towers, Dalal Street, Fort Mumbai - 400 001	539917
National Stock Exchange of India Limited	Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai - 400 051	NAGAFERT

Listing fee	The Company has paid the listing fees to The Bombay Stock Exchange, Mumbai and The National Stock Exchange of India Limited, Mumbai.
ISIN No	INE454M01024 for NSDL and CDSL.
CIN No.	L24129TG2006PLC076238



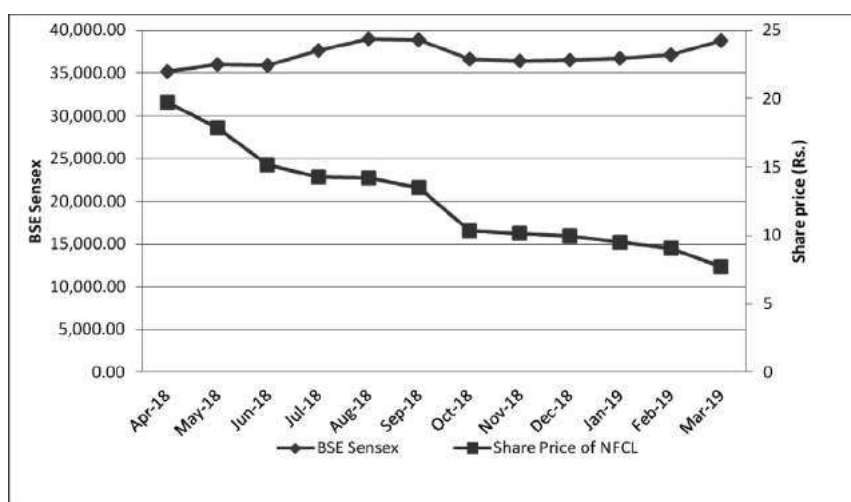
### Market Price Data – high, low during each month in last financial year relating to Equity Shares listed

The monthly high and low prices of your Company's share at BSE and NSE for the year ended March 31, 2019 are as under:

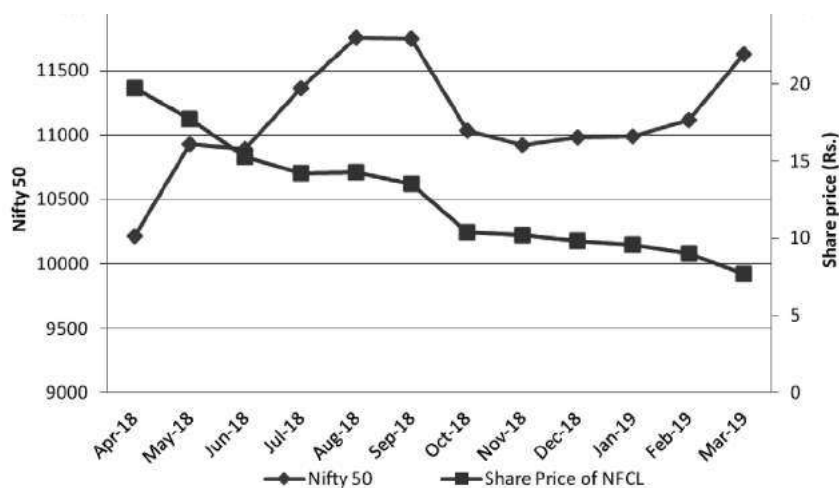
(Amount in Rs )

Month	BSE		NSE	
	High	Low	High	Low
April 2018	19.75	14.50	19.70	15.40
May 2018	17.85	14.50	17.70	14.50
June 2018	15.18	11.91	15.30	11.75
July 2018	14.29	11.81	14.20	11.80
August 2018	14.20	12.11	14.25	12.30
September 2018	13.50	9.80	13.50	9.75
October 2018	10.35	8.61	10.40	8.75
November 2018	10.15	8.00	10.20	7.85
December 2018	9.93	7.50	9.80	7.65
January 2019	9.50	8.12	9.55	8.10
February 2019	9.05	5.40	9.00	5.40
March 2019	7.69	6.21	7.70	6.05

### Performance of the Share Price of the Company in comparison to BSE Sensex



### Performance of the Share Price of the Company in comparison to Nifty 50



## Investor Services

The Company is registered with SEBI as a Registrar to an Issue / Share Transfer Agent in Category II Share Transfer Agent which offers all share related services to its Members and Investors. These services include transfer / transmission / dematerialization of shares / revalidation of dividend warrants / subdivision / consolidation/ renewal of share certificates and resolutions of investor grievances.

**Exclusive email address:** The Company has designated an e-mail ID to enable the Members and Investors to correspond with the Company. The e-mail address is [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)

## Disclosures:

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

None of the transactions with related parties during the Financial Year 2018-19 were material and were also not in conflict with the interests of the Company at large. The transactions with related parties are mentioned in the notes to Accounts.

**Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years:**

The Company is required to appoint two Independent Directors on the Board Company as on March 31, 2019. The company , subsequently appointed Independent Directors and is required to appoint one more Independent Director as on the date of the report. The Company is in the process of identifying a suitable person in this regard. The Stock Exchanges have imposed fine for the above non-compliance.

There has been no instance of non-compliances by the Company on any matter related to capital markets during the last three years except mentioned above and hence, no penalties or strictures have been imposed by the Stock Exchanges or SEBI or any statutory authority.

## Whistle Blower Policy/Vigil Mechanism:

To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to voice concern in a responsible and effective manner about serious malpractice, impropriety, abuse or wrongdoing within the organization, the Company has a Whistle Blower Policy/Vigil Mechanism in place, applicable to the Company. The vigil mechanism under the Whistle Blower Policy provides adequate safeguard against victimization of the Directors and employees who avail of the mechanism and also provide for direct access to Chairman of the Audit Committee in exceptional cases. No personnel was denied access to the Audit Committee.

This mechanism has been communicated to all concerned and posted on the Company's website [www.nagarjunafertilizers.com/corporate-governance/Whistle\\_Blower\\_Policy.pdf](http://www.nagarjunafertilizers.com/corporate-governance/Whistle_Blower_Policy.pdf)

## Compliance with Mandatory Requirements of Listing Regulations

Your Company is fully compliant with the applicable mandatory requirements of Listing Regulations except to the extent mentioned. The details as to compliance with the applicable requirements specified in regulation 17 to 27 and clause B to clause I of Sub-Regulation (2) of Regulation 46 of the Listing Regulations are as under:

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	The Company is required to appoint one Independent Director as on the date of the report and is in the process of identifying them.
Board composition	17(1)	The total strength of the Board as on March 31, 2019, is seven Directors and is required to appoint two Independent Directors as on March 31, 2019. Subsequently, the Company has appointed Independent Directors and required to appoint One more Independent Director as on the date of the report and the Company is in the process of identifying them.
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes

Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Maximum number of Directorships	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Secretarial Audit	24A	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from Members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
Other Corporate Governance requirements	27	Yes

The adoption of the non-mandatory requirements is as under:

#### Discretionary Requirements

A Non-Executive Chairman may be entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.	Not Applicable
A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	The Unaudited Financial Results for the half year is sent to all shareholders who have provided their e-mail addresses
The listed entity may move towards a regime of financial statements with unmodified audit opinion.	Yes
The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer	There is a separate Chairman and Managing Director in the Company
The Internal auditor may report directly to the Audit Committee.	The Internal Auditor has direct access to Audit committee.

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Mr. K Rahul Raju, Managing Director and Mr. H Muralidhar, Chief Financial Officer, of Nagarjuna Fertilizers and Chemicals Limited, to the best of our knowledge and belief certify that:

- A) We have reviewed the Financial Statements including Cash Flow of the Company (standalone and consolidated) for the year ended March 31, 2019 and to the best of our knowledge and belief, these statements:
- 1) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - 2) together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and 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 taken to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit committee
- 1) Significant changes in internal control over financial reporting during the year
  - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Hyderabad  
May 24, 2019

**K Rahul Raju**  
Managing Director

**H Muralidhar**  
Chief Financial Officer

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

This is to inform you that the Company adopted a Code of Conduct and Ethics applicable to all the Members of the Board of Directors and Senior Management Personnel of the Company. The details of the Code of Conduct and Ethics are available at the Company's website at [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

We confirm that the Company has in respect of the financial year ended March 31, 2019, received from all the Members of the Board of Directors and all the Senior Management Personnel of the Company a declaration of compliance with the Code of Conduct and Ethics as applicable to them.

Senior Management Personnel are personnel who are part of the core management team, comprising personnel one level below the Executive Directors and including all functional heads as on March 31, 2019.

Hyderabad  
May 24, 2019

**K Rahul Raju**  
Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Nagarjuna Fertilizers and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Nagarjuna Fertilizers and Chemicals Limited for the year ended on 31st March, 2019, as stipulated in Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 of the said Company.

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 Company Secretaries 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, as stated under Disclosures Column of the Company's Report on Corporate Governance.

Sl.No.	Particulars
1	<p>The Company has complied with the requirements under the LODR (earlier Listing Agreement entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited) except the following compliances:</p> <p>To be in compliance with Regulation 17(1) (b), at least half of the board of directors shall comprise of independent directors (if the entity does not have a regular nonexecutive chairperson), whereas the Company has only 2 Independent Directors in the Board.</p> <p>As on March 31, 2019; the Board consisted of 7 directors. The categories of directors on the Board comprise of 4 "Nominee Directors", 2 "Independent Directors", and 1 "Executive Director" and we have been given to understand that the majority of the Board consists of "Nominee Directors" due to financial stress / debt under stress with consortium of Banks. We have further been given to understand by Company Management that upon debt resolution is achieved, the company will take all possible endeavors to comply with applicable clauses of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As of today, there is a non compliance in this regard.</p>
2	<p>The company undertakes share transfer activity as a SEBI Registered Category II in-house RTA and the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year end as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.</p>

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 and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements Regulations, 2015).

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 KBG ASSOCIATES**  
Company Secretaries

**(Srikrishna S Chintalapati)**  
Partner  
CP # 6262

Place: Hyderabad  
Date: June 10, 2019



## MANAGEMENT DISCUSSION AND ANALYSIS

### Global Economic Scenario

The Global economy has registered a growth rate of 3.6 percent in the year 2019. World economy is heading towards a global recession. Growth continues to be weakened due to trade barriers, increasing geopolitical tensions, US-China trade war and these factors will cumulatively reduce global GDP of 2020. The weakness in growth is driven by a sharp deterioration in manufacturing activity, global trade, higher tariffs and prolonged trade policy disputes. This uncertainty will damage investment and demand for capital goods. In addition, the automobile industry is passing through a difficult phase owing to a variety of factors, such as contracting demand, introduction of electric vehicles etc. Global economy is expected to slow down in year 2020.

### Indian Economic Scenario

While the world growth rate is stagnated around 3.6 percent since 2011, India sustained growth rates higher than China and became the sixth largest economy. Though the GDP Growth was moderated to 6.8 per cent in 2018-19 from 7.2 per cent in 2017-18, India is still remained the fastest growing major economy in 2018-19. Importantly, this growth was sustained while achieving macro-economic stability. The Inflation was contained at 3.4 per cent in 2018-19. The Non-Performing Assets as percentage of Gross Advances reduced to 10.1 per cent at end December 2018 from 11.5 per cent at end March 2018. The Current account deficit was manageable at 2.1 percent of GDP. The Fiscal deficit of Central Government declined from 3.5 percent of GDP in 2017-18 to 3.4 percent in 2018-19. The growth momentum of the economy is expected to strengthen in 2019-20. Over all prospects of pickup in growth in 2019-20 with further boost due to private investment and acceleration in consumption, which were given emphasis in the Union Budget.

Indian economy to become a 3 trillion-dollar economy in the current year. The Government aspires to make India a 5 trillion-dollar economy with investments. To achieve the objective of India becoming a 5 trillion-dollar economy by 2024-25, India needs to shift its gear to accelerate and sustain growth of Real GDP rate to 8% from present 6.8%. the economic growth is measured by Real Gross Domestic Product (GDP), that is total quantity of goods and services produced in a country over in a year. When Real GDP raises faster than population, output per person raises and improves the standard of living. Growth of higher GDP along with higher employment growth rate is fundamental to the overall economic growth and that is the objective of a 5 trillion-dollar economy.

### Agriculture Sector

Agriculture continues to be the major employer in India which employs about 50 percent of the total workforce in India and contributes around 15 percent to the country's GDP. The growth in agriculture declined from 5 percent in 2017-18 to 2.9 percent in 2018-19.

Delayed monsoon affected the Kharif planting areas for

major crops such as paddy and very small portion shifted to other crops such as cereals, oil, seeds, vegetables etc. resulting in lower acreage under cropping. The extended monsoon and post monsoon incessant rains in several parts of India like Maharashtra, Uttar Pradesh, Madhya Pradesh, Bihar, Telangana damaged standing crops and vegetables extensively resulting in suffering to farmers and they are in distress. However, Rabi season is expected to be better as almost all reservoirs are full and extended monsoon will have a good amount of moisture content in soil.

Government continues to support agriculture specially to improve farmers income. The Government aims at doubling farmers income by 2022-23. Emphasis in agriculture through various initiatives such as e-NAM (electronic National Agriculture Market) by linking APMCs, introduction to facilitate farmers traders with involvement of State Government, DBT in fertilizers and higher budget allocation of Rs.75,000 crores for financial year 2019-20 to flagship schemes PM -Kisaan.

### Fertilizer Sector

Chemical fertilizers have played an important role in making India self-reliant in terms of production of food grains. However, the imbalanced use of nutrients and micronutrients has destabilized the optimum combination of fertilizer. The Government wants to make India self-sufficient with respect to urea by 2021. However, the uncertainty in policy, especially of fertilizer pricing and subsidy, and delays / difficulties in subsidy payments due from the Government which in turn has strained working capital of the players in the industry has been a major bottleneck.

The Government has budgeted Rs.79996 Crores on fertilizer subsidies in 2019-20. Though this is increase of Rs. 9910 crores over Revised Estimates of 2018-19, which is very low compared to the actual fund requirements, considering carry forward of Rs. 39000 crores from earlier years and including payment of Rs. 10000 crores of last year Special Banking Arrangements, net available budget for production during budget year is around Rs.41000 crores. The lower provisioning and the resultant delayed payments will impact the liquidity and profitability of Companies especially when outlays of capital expenditure have to be met to meet the new energy norms effective from April 2020.

### Government Policies

The New Pricing Scheme (NPS) for urea manufacturing units was introduced from April 2003, replacing the erstwhile Retention Price Scheme. NPS was implemented in three stages (NPS I, II and III). NPS-III was to end in March 2010 but was extended till April 01, 2014. Modified NPS III was effective from April 02, 2014 to May 31, 2015. The New Urea policy 2015 is applicable for four years i.e. from FY 2015-16 to FY 2018-19 and further extended from April 2019 till further orders. The New Urea Policy 2015 with Gas Pooling policy are applicable for existing urea units from June 01, 2015 onwards. New energy consumption norms exemption will end on 31st March 2020 and be applicable to all urea units effective from April 2020.

New urea units are covered under New investment policy 2012. Under this policy, the Government is reviving five closed fertilizer plants by setting up new ammonia-urea plants with a capacity of 63.5 LMT per annum. Four units of Fertilizer Corporation of India Limited (FCIL) in Talcher, Ramagundam, Gorakhpur and Sindri and one of Hindustan Fertilizer Corporation Ltd. (HFCL) in Barauni are being revived with investment of Rs 38000 crores.

The Government approved for continuance of the urea subsidy scheme up to 2019-20. This decision assures that the MRP and subsidy on urea will not be changed till 2020. The Government of India has introduced 45 Kg bag of urea in place of existing 50 Kg bags effective from March 2018. Maximum Price per bag of urea was notified is Rs 242 for 45 kg.

The Company believes that the recent policy intervention and measures taken by the Government would result in higher efficiency of plants and lower subsidy burden of the Government. It is however felt that the energy policy in reducing the norms should have given some more time to the urea manufacturers to recover their capital cost employed for achieving the revised energy norms.

#### **Company's Strengths and opportunities**

The Company's main strength lies in an excellent track record of project execution, achieving high production levels and good safety record. The company has multiple advantages of having good brand image, raw material and the market at its doorstep. The Company is constantly looking for new opportunities to further enhance its revenue streams and increase profitability.

The Company has partnered with Government of India's prestigious eNAM initiative, an online portal for trading in agricultural produce. The Company has developed the e-NAM project platform under i-kisan business and completed automating 585 Mandis across India in a record time of two years.

#### **Risks and concerns**

The delay on the part of the Government of India in undertaking comprehensive fertilizer reforms is a matter of concern. The industry continues to face challenges such as insufficient subsidy allocation in budget, continued delays in subsidy payments to fertilizer manufacturers, DBT scheme which has serious impact on working capital, unfavorable policies for setting up new urea facilities, urea retail prices, domestic gas availability and revised energy norms.

The existing urea investment policy needs to be amended to make further investments in the fertilizer industry lucrative. The industry is plagued with the build-up of subsidy dues which forms a substantial portion of the gross sales of fertilizer Companies, the delay is leading to increased short-term borrowings, impacting the working capital cycle resulting in high interest cost and causing severe financial stress on the Company.

The pricing of Natural Gas is not in parity with international prices resulting in the cost of production of fertilizers in India not being comparable and competitive with imports resulting in unfair competition denying level playing field to Indian fertilizer companies. The Fertilizer Industry need protection through tariff and other measures for mitigating the threat of cheaper imports.

To sum up existing domestic Urea production becoming unviable under present subsidy policy as revision of Fixed Cost is not taken up for 16 years, Energy norms tightened several times after implementation of NPS policy (in 2004, 2006, 2015 and 2018) without recognizing investments in energy saving projects, Urea units need huge investments and time of 2-3 years to adjust to the New Energy Norms of 2018, Subsidy payments always remain in huge arrears, Declining share of domestic gas resulting in increase in urea subsidy.

## INDEPENDENT AUDITOR'S REPORT

To  
The Member of  
Nagarjuna Fertilizers and Chemicals Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Nagarjuna Fertilizers and Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 35 in the financial statements, the Company has incurred net loss of Rs.49,064.41 Lakhs during the year ended March 31,2019, and the current liabilities exceed the current assets by Rs. 1,47,492.90 Lakhs as on March 31,2019. During the year ended March 31,2019 the Company was unable to discharge its obligations for repayment of Loans and settlement of other financial & non-financial liabilities including statutory liabilities. The Company's

management is currently in discussion with the lenders with a resolution plan and are hopeful of a positive response to the resolution plan from the lenders. These events and conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as going concern is solely dependent on the acceptance of debt restructuring proposal, which is not wholly within the control of the Company.

The financial statements of the Company have been prepared on going concern basis by the management. The management is hopeful of a successful outcome of the resolution plan submitted and accordingly no adjustments have been made to the carrying value of the assets and liabilities and their presentation/ classification.

Our opinion is not modified in respect of this matter.

#### Emphasis of Matter

Attention is invited to following notes to the Standalone Ind AS Financial Statements:

- a) Note 5.1 regarding the provision for diminution in the value of investments made for the value of Investment in Jaiprakash Engineering and Steel Company Limited (JESCO), a subsidiary and its adequacy based on Management assessment, for the reasons stated in the said note
- b) Note 25.1 regarding recognizing Income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, and for production beyond reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III, pending notification of final prices under New Urea Policy 2015 and consequential adjustments, if any that may arise.
- c) Note 38.1.1 regarding Arbitration awards passed against the Company for USD 15,275,688, GBP 6,90,630 EURO 4,55,000; the impact of which has not been recognised in the Financial Statements, for reasons stated in the said note;

Our opinion is not modified in respect of the above matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<b>Revenue Recognition</b> <b>Sale of Products and Subsidy</b> To ensure accuracy of recognition, measurement, presentation and disclosures of revenues and related accounts. <b>Refer Note 25 of the Standalone Financial Statements</b>	<b>Principal Audit Procedures</b> <ul style="list-style-type: none"> <li>We have assessed the Company's internal controls in respect of its revenue transactions;</li> <li>We tested the key controls identified,</li> <li>We performed substantive detail testing by selecting a sample of revenue transactions, that we considered appropriate to test the evidence of effectiveness of the internal controls and adherence to accounting policies in recognising the revenue, and the rebates and discounts there against.</li> <li>We have verified the notifications issued for the subsidy recognition classified under product and freight subsidy</li> <li>In respect of other components included in the subsidy income comprising escalation /de-escalation are based on management estimates and towards reimbursement of additional fixed costs etc, are based on Modified NPS III Policy. We have reviewed the management estimates for recognising the income along with various correspondence made with the Government of India, Department of Fertilisers and representations given to us. Since the amounts involved are significant and also involve certain uncertainties, an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (b).</li> </ul>
2	<b>Trade receivables</b> Receivables include receivable from sale of products as well as receivable from Government of India in the form of subsidy. As at March 31, 2019, Trade Receivables amounting to ₹86,267.90 Lakhs Includes subsidy and other dues ₹62,346.25 Lakhs from Government of India and ₹13,787.29 Lakhs from State Governments. <b>Refer Note 11 to the Standalone Financial Statements.</b>	<b>Principal Audit Procedures</b> <ul style="list-style-type: none"> <li>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</li> <li>In respect of Subsidy recognised as receivable from Government of India towards reimbursement of additional fixed costs and towards subsidy for production beyond reassessed capacity, though the final prices are not notified.</li> <li>As no confirmation of balance is on record we have relied on the management's assertion on the recoverability an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (b).</li> <li>In respect of other receivables, we have sent request for confirmation from the parties. The response to the request is not significant and hence reviewed the subsequent realisations and obtained representations from the management regarding the realisability.</li> <li>Ensured adequate provision for the long outstanding balances</li> </ul>
3	<b>Borrowings</b> Borrowings from Banks and Financial institutions. Account with the lenders had become a NPA and hence To ensure <ul style="list-style-type: none"> <li>adequate disclosure in terms of security offered</li> <li>adequate disclosure for restructuring if any</li> <li>repayment as per the sanctioned terms</li> <li>and accounting for the interest and penal charges including interest in case of defaults.</li> </ul> <b>Refer Note 16 of the Standalone financial statements</b>	<b>Principal Audit Procedures</b> <ul style="list-style-type: none"> <li>Our audit approach was to carry out substantive and analytical procedures which included the following:</li> <li>Review of the sanction letters</li> <li>Review of the register of charge</li> <li>Verification of the loan statement from the lender and comparing with the books of account</li> <li>Recalculation of interest and outstanding</li> <li>Ensured adequate disclosure for the overdue balances, classification of the outstanding balances in the financial statements.</li> <li>The company's inability to repay the lenders is referred to Note 35 of the financial statements and we have considered the same and reported the matter under Material Uncertainty Related to Going Concern section.</li> </ul>
4	<b>Contingent liabilities</b> The Company has material uncertain issues under the contingent liabilities of which some issues are under arbitration and other issues pending at various forums which involves significant judgment to determine the possible outcome of these issues. <b>Refer Note 38 of the Standalone financial statements</b>	<b>Principal Audit Procedures</b> <ul style="list-style-type: none"> <li>Obtained details of contingent liabilities as at March 31, 2019.</li> <li>Obtained status of each of the matters under litigation from the legal department.</li> <li>Review of Minutes of meetings of Board of Directors and Audit Committee.</li> <li>Discussion with the legal department on the steps being taken and the possible impact on the accounts for the year based on current progress of the matter.</li> <li>Since the amounts involved are significant, an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (c) based on legal and other precedents in evaluating management's position on these matters.</li> </ul>



### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information furnished to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the shareholders.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. On the basis of the written representations received from the Directors as on March 31, 2019 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

We report that the Excess over Minimum Remuneration paid to the Chairman and Managing Director for the year 2018-19 needs approval from the lenders before it is presented to the ensuing AGM for its approval in accordance with the amended provisions of the Companies Act 2013

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **M BHASKARA RAO & Co**  
Chartered Accountants  
(Firm's Registration No. 000459S)

**Anilkumar Mehta**  
Partner  
(Membership No.14284)

Hyderabad, May24, 2019

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nagarjuna Fertilizers and Chemicals Limited of even date)

- i. In respect of the Company's fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some of the fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations furnished to us, and based on our review, title deeds of its immovable properties are not held in the name of the Company in respect of land to the extent of 340.11 acres in 104 cases, situated in Nellore District, Andhra Pradesh, which is in the possession of the Company, pending registration of the titles thereto in its name.
- ii. According to the information and explanations furnished to us, in respect of the Company's inventories, physical verification of inventories at plants and warehouses has been conducted by the management at reasonable intervals during the year. In our opinion, having regard to the nature of its business and location of its stocks, the frequency of verification is reasonable. Further, the discrepancies noticed on such verification, between the physical stocks and the respective records were not material in relation to the size of operations of the Company and the same have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clause (a), (b) and (c) of paragraph 3(iii) of the Order does not arise.
- iv. According to the information and explanations furnished to us, the Company has not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties specified in Sections 185 and 186 of the Companies Act, 2013, except Moneys advanced to Nagarjuna Oil Refinery Limited, pursuant to the Composite Scheme of Arrangement and Amalgamation, which the Company has been legally advised does not come under the purview of the aforesaid sections.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified. Accordingly, reporting under provisions of paragraph 3(v) of the Order does not arise.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Rules in force made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations furnished to us,
  - a) There were a few delays in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, GST, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, and there were no amounts payable in respect of the aforesaid undisputed statutory dues in arrears, as at March 31, 2019, for a period of more than six months from the date they became payable.

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
NIL						

- b. Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added Tax which have not been deposited as on March 31, 2019 on account of dispute are as below:

Nature of Statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Tax	32.15	2012-13	ITA T- Hyd - TP Issue
		102	2013-14	ITA T- Hyd - TP Issue
		174	2014-15	CIT (A) - Hyd - TP Issue
		36.31	2010-11&2011-12	High court - AP & Telangana- TDS on NR Payments u/s 195
VAT & CST	Tax	7.92	2008-09	MH - VAT & CST
		0.78	2009-10	Ker - VAT
		6.93	2011-12	Ker - VAT
		139	2013-14	AP - CST
		463.72	2014-15	TN - VAT - WTG
		20.95	2015-16	AP - VAT

Central Excise	Tax	103	2009-10 & 2010-11 (Dec 2009 to July 2010)	CESTAT – Bangalore – MI - issue
Customs Duty	Tax	17.45 107 44	2010-11 to 2012-13 2011-12 2010-11 to 2013-14	CESTAT – Chennai – SAD issue CESTAT – Vishakhapatnam – Customs Refund issue CESTAT– Hyderabad-Demurrage Charges Issue
Service Tax	Tax	1.88 18.74 6.06	2014-15 2014-15 to 2016-17 2012-13 to 2015-16	CESTAT – Hyd – 2013-Commissioner Appeals – Vizag –Notice period Pay by Employee Commissioner Appeals- Visakhapatnam
Total		1,281.89		

viii. According to the information and explanations given to us, and based on the records examined by us, the Company has defaulted in respect of repayment of loans or borrowings to financial institutions, banks and government. Details are as under:

Particulars	Amount (Rs. in Lakhs) of default as at the Balance Sheet Date	Period of Default	Remarks if any
IDBI Bank	7,758.49	0-274 days	
SBI Bank	5,521.78	0-274 days	
ICICI Bank	798.86	0-90 days	
UCO Bank	80.86	0-91 days	
SBI Bank	1,511.41	0-274 days	
Department of Bio Technology	171.69	0-305 days	
TOTAL	15,843.11		

The Company did not have any outstanding debentures as at the date of the balance sheet.

- ix. According to the information furnished to us, during the year under report, the company did not have any moneys raised from Initial Public Offering or Further Public Offering, that remained to be applied for the purposes for which they were raised. Thus, reporting under Clause 3(ix) of the Order does not arise.
- x. To the best of our knowledge and according to the information and explanations furnished to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on the records examined by us, We report that the Excess over Minimum Remuneration paid to the Chairman and Managing Director for the year 2018-19 needs approval from the lenders before it is presented to the ensuing AGM for its approval in accordance with the amended provisions of the Companies Act 2013

- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order does not arise.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable Accounting Standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order does not arise.
- xv. In our opinion and according to the information and explanations furnished to us, during the year, the Company has not entered into any non-cash transactions, to which the provisions of Section 192 of the Companies Act 2013 apply, with its directors or persons connected with them.
- xvi. In our opinion, based on the information and explanations furnished to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M BHASKARA RAO & Co**  
Chartered Accountants  
(Firm's Registration No. 000459S)

**Anilkumar Mehta**  
Partner  
(Membership No.14284)

Hyderabad, May 24, 2019

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Nagarjuna Fertilizers and Chemicals Limited of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Nagarjuna Fertilizers and Chemicals Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For M BHASKARA RAO & Co**

Chartered Accountants

(Firm’s Registration No. 000459S)

**Anilkumar Mehta**

Partner

Hyderabad, May 24, 2019

(Membership No.14284)



**Nagarjuna Fertilizers and Chemicals Limited**  
**Balance Sheet As At March 31, 2019**



₹ in Lakhs

Particulars	Note	As At March 31, 2019	As At March 31, 2018
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	3A	2,48,046.17	2,56,370.89
(b) Capital work-in-progress	3B	2,794.31	2,212.95
(c) Other Intangible Assets	4	-	1,474.20
(d) Financial Assets			
(i) Investments	5	1,346.17	1,796.17
(ii) Loans	6	564.12	2,744.45
(iii) Other Financial Assets	7	1.03	36.92
(e) Other Non-Current Assets	9	86.11	256.20
<b>Total non-current Assets</b>		<b>2,52,837.91</b>	<b>2,64,891.78</b>
<b>2. Current Assets</b>			
(a) Inventories	10	10,276.52	14,526.91
(b) Financial Assets			
(i) Trade Receivables	11	83,150.23	1,69,790.31
(ii) Cash and Cash Equivalents	12	5,620.14	1,323.91
(iii) Bank Balances other than (ii) above	13	9,014.55	5,874.50
(iv) Loans	6	3,779.75	3,309.16
(v) Other Financial Assets	7	700.53	762.71
(c) Current Tax Assets (Net)	8	945.09	664.37
(d) Other Current Assets	9	6,042.32	8,016.15
<b>Total Current Assets</b>		<b>1,19,529.13</b>	<b>2,04,268.02</b>
<b>Total - Assets</b>		<b>3,72,367.04</b>	<b>4,69,159.80</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	5,980.65	5,980.65
(b) Other Equity	15	52,282.20	1,01,346.61
<b>Total Equity</b>		<b>58,262.85</b>	<b>1,07,327.26</b>
<b>Liabilities</b>			
<b>1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	3,266.02	40,824.74
(ii) Other Financial Liabilities	17	7,852.86	7,814.61
(b) Provisions	18	435.52	530.10
(c) Deferred Tax Liabilities (Net)	19	34,138.24	37,750.22
(d) Government Grants	20	1,389.52	1,737.43
<b>Total Non-Current Liabilities</b>		<b>47,082.16</b>	<b>88,657.10</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	1,29,516.55	1,04,516.70
(ii) Trade Payables			
(a) Micro Enterprises and Small Enterprises	22	201.07	-
(b) Other than Micro Enterprises and Small Enterprises	22	74,459.26	146,274.04
(iii) Other Financial Liabilities	23	60,586.48	19,895.56
(b) Other Current Liabilities	24	1,356.84	1,815.90
(c) Government Grants	20	347.91	347.91
(d) Provisions	18	553.92	325.33
<b>Total Current Liabilities</b>		<b>2,67,022.03</b>	<b>2,73,175.44</b>
<b>Total Liabilities</b>		<b>3,14,104.19</b>	<b>3,61,832.54</b>
<b>Total Equity and Liabilities</b>		<b>3,72,367.04</b>	<b>4,69,159.80</b>
Corporate Information and Significant Accounting Policies	1 & 2		

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

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

**Anilkumar Mehta**  
Partner  
Membership No. 14284  
Hyderabad  
May 24, 2019

**Uday Shankar Jha**  
Chairman

**H Muralidhar**  
Chief Financial Officer

**K. Rahul Raju**  
Managing Director

**K. Chandra Sekhar Naidu**  
Company Secretary

For and on behalf of the Board

**C. B Mouli**  
**Lalitha Raghuram**  
**Syed Shahabuddin**

**Chandrapal Singh Yadav**  
**V V S Ravindra**



**Nagarjuna Fertilizers and Chemicals Limited**
**Statement of Profit and Loss for the period ended March 31, 2019**

₹ in Lakhs

Particulars	Note	Year ended March 31, 2019		Year ended March 31, 2018	
<b>Income</b>					
<b>Revenue from Operations</b>	25				
Sale of Products (including Subsidy)		1,91,118.10		3,90,567.59	
Sale of Services		2,819.91		1,687.45	
Other Operating Revenues		96.75	1,94,034.76	112.59	3,92,367.63
<b>Other Income</b>	26		2,646.88		4,497.14
<b>Total</b>			1,96,681.64		3,96,864.77
<b>Expenses</b>					
Cost of Materials Consumed	27		70,942.12		1,38,145.65
Purchase of Stock-in-Trade	28		25,855.60		45,854.23
Changes in inventories of finished goods, stock-in-trade and work in progress	29		3,548.50		6,604.67
Power and Fuel			59,994.56		1,00,242.57
Employee Benefits Expense	30		15,744.92		17,350.53
Finance Cost	31		30,799.47		30,820.99
Depreciation and Amortization Expense	32		8,883.02		8,928.10
Excise Duty			-		228.19
Other Expenses	33		31,716.79		51,344.03
<b>Total</b>			2,47,484.98		3,99,518.96
<b>Loss before exceptional items and tax</b>			(50,803.34)		(2,654.19)
Exceptional Items	34		1,885.95		-
<b>Loss before tax</b>			(52,689.29)		(2,654.19)
<b>Tax Expense</b>					
(a) Current Tax			-		-
(b) Adjustments relating to earlier years			-		56.91
(c) Deferred Tax	19		(3,616.44)		(559.09)
<b>Loss after tax</b>			(49,072.85)		(2,152.01)
<b>Other Comprehensive Income</b>					
A (i) Items that will not be reclassified to profit or loss					
Re-measurement gains (losses) on defined benefit plans			12.91		369.01
Income tax relating to these items	19		(4.47)		(127.71)
B (i) Items that will be reclassified to profit or loss			-		-
Income tax relating to these items			-		-
<b>Total Other Comprehensive income, net of tax</b>			8.44		241.30
<b>Total Comprehensive income</b>			(49,064.41)		(1,910.71)
<b>Earnings per equity share of face value of ₹ 1/- each</b>					
<b>Basic and Diluted</b>	46		(8.21)		(0.36)
<b>Corporate Information and Significant Accounting Policies</b>	1 & 2				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**For M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**Uday Shankar Jha**

Chairman

**K. Rahul Raju**

Managing Director

For and on behalf of the Board

**C. B Mouli**
**Lalitha Raghuram**
**Syed Shahabuddin**
**Anilkumar Mehta**

Partner

Membership No. 14284

**H Muralidhar**

Chief Financial Officer

**K. Chandra Sekhar Naidu**

Company Secretary

**Chandrapal Singh Yadav**
**V V S Ravindra**

Hyderabad

May 24, 2019

## Nagarjuna Fertilizers and Chemicals Limited

## Statement of Change in Equity for the year ended March 31, 2019

## (a) Equity Share Capital

Particulars	No.	₹ in Lakhs
Equity shares of ₹ 1 each issued, subscribed and fully paid		
<b>At April 1, 2017</b>	598,065,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
<b>At March 31, 2018</b>	598,065,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
<b>At March 31, 2019</b>	<b>598,065,003</b>	<b>5,980.65</b>

## (b) Other Equity

₹ in Lakhs

	Reserves and Surplus					Total
	Capital Reserve	Security premium	Debenture redemption reserve	General reserve	Retained Earnings	
<b>As at April 01, 2017 (Refer Note 15)</b>	51,853.85	109,619.35	2,087.99	11,291.73	(71,595.60)	103,257.32
Profit for the year					(2,152.01)	(2,152.01)
Other Comprehensive Income					241.30	241.30
<b>Total Comprehensive Income</b>	-	-	-	-	(1,910.71)	(1,910.71)
Transfer to general reserve	-	-	(2,087.99)	2,087.99	-	-
<b>As At March 31, 2018</b>	51,853.85	109,619.35	-	13,379.72	(73,506.31)	101,346.61
Profit for the year					(49,072.85)	(49,072.85)
Other Comprehensive Income					8.44	8.44
<b>Total Comprehensive Income</b>	-	-	-	-	(49,064.41)	(49,064.41)
Transfer to general reserve			-	-	-	-
<b>As At March 31, 2019</b>	<b>51,853.85</b>	<b>109,619.35</b>	<b>-</b>	<b>13,379.72</b>	<b>(122,570.72)</b>	<b>52,282.20</b>

Accompanying Notes form an integral part of the Financial Statements

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(52,689.29)	(2,654.19)
<i>Adjustments:</i>		
Depreciation and Amortisation	8,883.02	8,928.10
Provision for Impairment	1,493.67	222.70
Provision for Doubtful Debts / Advances	2,404.68	762.60
Finance Cost	30,799.47	30,820.99
Provision/write off for Diminution in value of Investments	450.00	-
Deferred Government Grant	(347.91)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	311.22	198.50
<b>Operating Profit before working capital changes</b>	<b>(8,695.14)</b>	<b>37,930.79</b>
<i>Movements in working capital:</i>		
Increase/(decrease) in trade payables	(60,588.33)	53,013.71
Increase/(decrease) in long term provisions	(81.67)	189.55
Increase/(decrease) in short term provisions	228.59	196.64
Increase/(decrease) in other current liabilities	(459.06)	882.32
Increase/(decrease) in other current financial liabilities	3,028.51	907.12
Increase/(decrease) in other long term liabilities	38.25	288.96
Decrease/(increase) in trade receivables	86,121.35	(51,302.22)
Decrease/(increase) in inventories	4,250.39	6,721.84
Decrease/(increase) in long term loans and advances	2,180.33	(341.48)
Decrease/(increase) in short term loans and advances	(2,356.54)	4.44
Decrease/(increase) in other current assets	1,973.83	(5,996.10)
Decrease/(increase) in other financial assets	62.18	(37.54)
Decrease/(increase) in other non current assets	3.38	5.52
<b>Cash generated from/(used) in operations</b>	<b>25,706.06</b>	<b>42,463.55</b>
(Direct Taxes Paid -net of refunds)	(280.72)	(147.80)
<b>Net cash flow from / (used) in Operating Activities</b>	<b>25,425.34</b>	<b>42,315.75</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP	(1,328.09)	(3,043.79)
Margin Money Deposits	(3,104.16)	(135.75)
Proceeds from Sale of fixed assets	24.46	8.66
<b>Net Cash Flow from / (used) in Investing Activities</b>	<b>(4,407.79)</b>	<b>(3,170.88)</b>
<b>C. Cash flow from Financing activities</b>		
Increase/(decrease) in Buyers/Suppliers credit	-	(7,434.18)
Repayment of long term borrowings	(4,929.59)	(14,389.63)
Finance Costs paid	(25,531.36)	(30,706.25)
Dividend Paid	(234.85)	(140.37)
<b>Net Cash Flow from / (used) in Financing Activities</b>	<b>(30,695.80)</b>	<b>(52,670.43)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(9,678.24)</b>	<b>(13,525.56)</b>
<b>Cash and Cash Equivalents as at beginning of the year</b>	<b>(1,01,709.32)</b>	<b>(88,183.76)</b>
<b>Cash and Cash Equivalents as at end of the year</b>	<b>(1,11,387.56)</b>	<b>(1,01,709.32)</b>

**Notes:**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Cash and Cash Equivalents comprises of</b>		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	278.55	513.40
Others	4,656.29	52.98
Cheques, drafts on hand	300.09	736.32
Cash on hand	385.21	21.21
Cash and Cash Equivalents (Refer Note 12)	5,620.14	1,323.91
Less: Cash Credit (Refer Note 21)	1,17,007.70	1,03,033.23
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	<b>(1,11,387.56)</b>	<b>(1,01,709.32)</b>

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**For M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**Uday Shankar Jha**

Chairman

**K. Rahul Raju**

Managing Director

For and on behalf of the Board

**C. B Mouli**

**Lalitha Raghuram**

**Syed Shahabuddin**

**Anilkumar Mehta**

Partner

Membership No. 14284

**H Muralidhar**

Chief Financial Officer

**K. Chandra Sekhar Naidu**

Company Secretary

**Chandrapal Singh Yadav**

**V V S Ravindra**

Hyderabad

May 24, 2019

**1 CORPORATE INFORMATION**

"The company is a listed public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on The Bombay Stock Exchange and The National Stock Exchange of India, the two recognised stock exchanges in India. The Registered Office of the Company is located at D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

The Company is principally engaged in the business of manufacturing and marketing Fertilizers, Micro Irrigation Equipments and Agri Informatic Services."

**2 SIGNIFICANT ACCOUNTING POLICIES****2.1. Basis of preparation:**

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) on accrual basis and under the historical cost convention except for Derivative financial instruments and certain financial instruments which are measured at fair value, pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amended Rules, 2016.

The Financial Statements are presented in INR and all values are rounded to two decimals to the nearest lakhs, except when otherwise indicated.

**2.2. Use of estimates:**

The preparation of Financial Statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- i. Measurement of defined benefit obligations - Note 30
- ii. Recognition of deferred tax asset/Liability- Note 19
- iii. Fair Value Measurement of financial Instruments - Note 39 & 40
- iv. Recognition of subsidy income - Note 25.1
- v. Provision for doubtful trade receivables

**2.3. Current versus non-current classification**

Any asset or liability is classified as current if it satisfies any of the following conditions:

- i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- ii. the asset is intended for sale or consumption;
- iii. the asset/liability is held primarily for the purpose of trading;
- iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

**2.4. Property, plant and equipment**

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the



## Notes forming part of the financial statements for the year ended March 31, 2019

item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

All repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis under the straight-line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the following exception:

- Continuous Process Plants' are depreciated for 37 years based on the technical evaluation of useful life done by the management

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

### 2.5. Intangible assets

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Trademarks and Services: 10 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

### 2.6. Impairment of non-financial assets

Assessment for impairment is done at each Balance Sheet date for any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date for any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, in which case, a reversal of an impairment loss for an asset is recognised in the Statement of Profit and Loss account.

### 2.7. Inventories

Inventories are valued at the lower of cost and net realisable value. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

**Costs for different categories of materials are as follows:**

- Raw materials and Traded Products: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

## Notes forming part of the financial statements for the year ended March 31, 2019

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### Net realisable value in the case of Urea –

- ▶ the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and
- ▶ the net sale price in respect of finished goods lying in the warehouses outside the factory.”

Work-in-process, raw materials, stores, spares, packing material and loose tools are valued at weighted average cost, less provision for depletion in value, if any.

## 2.8. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.”

## 2.9. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

### Financial Assets

#### Initial recognition

On initial recognition, financial assets are recognised at fair value. Transaction cost that are directly attributable to acquisition of financial assets that are not at fair value through profit and loss (FVTPL) are added to fair value on initial recognition.”

#### Subsequent measurement:

Financial assets which are debt instruments are subsequently measured on the following basis, depending on their classification

- ▶ Amortized Cost
- ▶ Fair Value Through Profit and Loss (FVTPL)
- ▶ Fair Value Through other Comprehensive Income (FVOCI)”

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

#### When financial assets are Equity Instruments:

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income (OCI) subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI.

Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as ‘other income’ in the Statement of Profit and Loss.

#### De-recognition:

The Company derecognizes a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the financial asset at the transfer qualifies for de-recognition under IND AS 109.

#### Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the Effective Interest Rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

#### Impairment:

Expected Credit Losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

**Financial liabilities:**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost, net of directly attributable transaction costs.

**Subsequent measurement:**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

**Derecognition:**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

**2.10. Derivative Financial Instruments**

The Company holds derivative Financial Instruments such as foreign exchange forward and options contracts to mitigate risk of changes in exchange rates on foreign currency exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any gains or losses arising from re-measurement are dealt in Statement of Profit or Loss.

This category has derivative financial assets or liabilities which are not designated as hedges. Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS109, Financial Instruments and hence categorized as financial assets or liability at fair value through profit or loss.

**2.11. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.12. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

## Notes forming part of the financial statements for the year ended March 31, 2019

- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 2.13. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised. They are disclosed only when an inflow of economic benefit is probable from such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### 2.14. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue is net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf third parties.

The specific recognition criteria described below must also be met before revenue is recognised.

#### **Sale of Goods:**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In case of goods which are shipped subject to installation and inspection, revenue is normally recognized when the buyer accepts delivery, and installation and inspection are complete.

**Subsidy:**

Group Concession Price under Group Concession Scheme (GCS) and Equated Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee, with adjustments for escalation / de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with known policy parameters in this regard.

**Rendering of services:**

Revenue from sale of services is recognised as per the terms of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

**Interest income:**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable using effective interest method.

**Dividends:**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**2.15. Employee benefits**

**Gratuity:**

In accordance with the Payment of Gratuity Act, 1972 the Company provides gratuity as a defined benefit plan, to eligible Employees. Liability with regard to gratuity is determined by an independent actuary at every Balance Sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in the Balance Sheet as asset or liability. Gains or losses on re-measurements are recognized in Other Comprehensive Income (OCI). Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit and Loss.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss.

**Superannuation Fund and Provident Fund:**

Superannuation and Provident Fund are in the nature of defined contribution plans.

The Company makes monthly contribution to approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond monthly contribution. The obligations under the said policy are accounted for on accrual.

The Company makes monthly contribution to the Provident Fund scheme and recognizes it as an expense, in the year in which employee renders the related service. The Company's Contribution towards Provident Fund is administered and managed by an approved trust. The Company has no obligation, other than the contribution payable to the Fund.

**Compensated absences:**

Liability for compensated absence is treated as a long term liability and is covered by a policy with Life Insurance Corporation ('LIC'). The estimated liability at each Balance Sheet date is determined by an independent actuary using the projected unit credit method and is recognised in the accounts accordingly.

**2.16. Taxes**

**Current income tax:**

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or Other Comprehensive Income (OCI), in which case the tax is also recognized in equity or Other Comprehensive Income (OCI).

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax asset/liability is measured at the amount expected to be recovered from or paid to the taxation authorities.

**Deferred tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent there is no longer probable that the related tax benefit will be realized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.17. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

In the case of a loan or assistance provided by Government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government Grant. The Grant is initially recognised and measured at fair value and subsequently measured in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments (financial liabilities). The Government grant is measured as the difference between the initial carrying value of the loan and the proceeds received and recognised as income on a systematic basis over the periods the related costs, for which it is intended to compensate, are expensed.

## 2.18. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and Receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term. Accordingly, the Company's leasing arrangements, are mostly in the nature of operating lease for premises, and are cancellable / renewable by mutual consent. The rentals there under are recognised in the Statement of Profit and Loss.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

## 2.19. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset in the period in which they are incurred, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Interest earned on temporary investments out of specific borrowings made for qualifying assets is deducted from the borrowing costs eligible for capitalisation to those assets.

## 2.20. Research and development costs

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure during research period is charged to Statement of Profit and Loss in the year in which it is incurred.

## 2.21. Foreign currency transactions

The Company's Financial Statements are presented in Indian Rupees, which is its functional currency.

## Notes forming part of the financial statements for the year ended March 31, 2019

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### **Measurement of foreign currency items at reporting date:**

Foreign currency denominated monetary assets and liabilities remaining unsettled at the end of the year are translated into functional currency at exchange rates prevailing at the Balance Sheet date. Exchange differences arising on translation of monetary items are recognised in Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated using exchange rate prevalent on the date of transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

### **2.22. Earnings per Share**

Basic Earnings per Equity Share, is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year.

Diluted Earnings per Share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

### **2.23. Investments**

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

### **2.24. Exceptional Items**

Exceptional items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.

## Notes forming part of the financial statements for the year ended March 31, 2019

### 3A. Property, Plant and Equipment:

₹ in Lakhs

Particulars	Gross Block (At Cost)			Depreciation			Net Block	
	As at March 31, 2018	Additions during the year	Deductions / Adjustments during the year	As at March 31, 2019	Upto March 31, 2018	For the year	Impairment for the year	Upto March 31, 2019
<b>Tangible Assets</b>								
Land	116,027.76	-	-	116,027.76	-	-	-	116,027.76
Buildings	12,873.46	-	-	12,873.46	2,284.34	762.43	-	9,826.69
Plant & Equipments	150,724.13	881.74	402.23	151,203.64	22,107.57	7,363.18	467.72	121,348.27
Furniture, Fixtures & Office Equipment	1,613.42	31.70	7.08	1,638.04	710.74	230.68	41.31	659.84
Vehicles	197.74	-	42.32	155.42	108.61	24.32	1.83	48.98
Roads, Drains & Culverts	132.14	-	-	132.14	33.13	11.01	-	88.00
Railway Siding	46.63	-	-	46.63	-	-	-	46.63
<b>Total</b>	<b>2,81,615.28</b>	<b>913.44</b>	<b>451.63</b>	<b>2,82,077.09</b>	<b>25,244.39</b>	<b>8,391.62</b>	<b>510.86</b>	<b>34,030.92</b>
<b>Previous Year</b>	<b>2,80,420.92</b>	<b>1,445.16</b>	<b>250.80</b>	<b>2,81,615.28</b>	<b>16,628.63</b>	<b>8,436.70</b>	<b>222.70</b>	<b>25,244.39</b>

3A.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹ Nil Lakhs (Previous Year ₹ 32.40 Lakhs).

### 3A.2. Land & Buildings

- Includes 5 acres which is located at Wargal village, the possession of which is yet to be taken, title of seller being under dispute.
- Excludes value of 33.35 acres which is located at Kakinada Plant site, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained, and hence pending registration of title in the name of the Company.
- Excludes value of 14.06 acres located at Kakinada Plant site, pending completion of alienation and handing over of possession to the Company by Government of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.
- Includes value of 340.11 acres (104 cases) located at Nellore in possession of the Company pending registration.

3A.3. Refer Note 16.1 to 16.3 for details of assets pledged with lenders.

## Notes forming part of the financial statements for the year ended March 31, 2019

### 3B. Capital Work-In-Progress

₹ in Lakhs

Particulars	Gross Block (At Cost)				Impairment				Net Block	
	As at March 31, 2018	Additions during the year	Transfer to Tangible asset / Disposals / Deductions	As at March 31, 2019	Upto March 31, 2018	For the year	Deductions / Adjustments during the year	Impairment for the year	Upto March 31, 2019	As at March 31, 2019
Capital Work In Progress	2,212.95	1,494.81	913.44	2,794.32	-	-	-	-	-	2,794.32
<b>Total</b>	<b>2,212.95</b>	<b>1,494.81</b>	<b>913.44</b>	<b>2,794.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,794.32</b>
Previous Year	809.58	2,848.52	1,445.15	2,212.95	-	-	-	-	-	2,212.95
										809.58

### 4. Other Intangible Assets

Particulars	Gross Block (At Cost)				Amortisation				Net Block	
	As at March 31, 2018	Additions during the year	Deductions / Adjustments during the year	As at March 31, 2019	Upto March 31, 2018	For the year	Deductions / Adjustments during the year	Impairment for the year	Upto March 31, 2019	As at March 31, 2019
Trade Marks & Services	2,948.40	-	-	2,948.40	1,474.20	491.40	-	982.80	2,948.40	0.00
<b>Total</b>	<b>2,948.40</b>	<b>-</b>	<b>-</b>	<b>2,948.40</b>	<b>1,474.20</b>	<b>491.40</b>	<b>-</b>	<b>982.80</b>	<b>2,948.40</b>	<b>-</b>
Previous Year	2,948.40	-	-	2,948.40	982.80	491.40	-	982.80	1,474.20	1,474.20
										1,965.60

## Notes forming part of the financial statements for the year ended March 31, 2019

### 5. Investments - Unquoted (At Cost):

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Long Term</b>				
<b>In Subsidiaries</b>				
In Equity Shares of ₹ 10/- each fully paid up Jaiprakash Engineering and Steel Company Limited (Refer Note 5.1 and 5.2)	22,561,693	2,256.17	22,561,693	2,256.17
<b>Total - (A)</b>		2,256.17		2,256.17
<b>In Associates</b>				
In Equity Shares of ₹ 10/- each fully paid up Nagarjuna Agricultural Research and Development Institute Private Limited	25,020	2.50	25,020	2.50
KVK Raju International Leadership Limited	150,000	15.00	150,000	15.00
<b>Total - (B)</b>		17.50		17.50
<b>Total - (A+B)</b>		2,273.67		2,273.67
Less: Provision for diminution		927.50		477.50
		1,346.17		1,796.17
Aggregate amount of Quoted Investments		-		-
Aggregate amount of Un-Quoted Investments		2,273.67		2,273.67
Aggregate amount of impairment in value of Investments		927.50		477.50

5.1. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 388.70 acres of land (Previous year 388.70 acres of land), the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2018.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

The Government of Karnataka has passed order No. CI 175 SPI 2011 Dt. 11-11-2013 cancelling the Land Allotment made to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition challenging the Order of the Govt. of Karnataka and the Hon'ble High Court of Karnataka has prohibited the Govt. of Karnataka from dispossessing the land in possession of the Company. The High Court of Karnataka on April 23, 2018 has lifted the stay and permitted the Government of Karnataka from taking possession of 160 acres of land from the Company for handing over the same to prospective applicants. JESCO filed Writ appeal against this modified order. JESCO's Writ Application was disposed. JESCO is filing fresh W.P challenging the allotment of 160 Acres.

The stay of the High Court of Karnataka in relation to dis-possession of land in the possession of the Company for 388.70 acres continues.

Pending crystalization of plans and considering the above said developments, the Financial Statements of JESCO, for the year have been prepared on going concern basis, notwithstanding the project initially planned been shelved.

In view of the above, management is of the opinion that an additional provision of ₹ 450 lakhs be made in addition to the existing provision of ₹ 460 lakhs totaling to an amount of ₹ 910 Lakhs as of March 31, 2019.

5.2. These shares were pledged in favour of Banks / Financial Institutions for the term loans availed by the Company, which are repaid in full awaiting release of pledge.



## Notes forming part of the financial statements for the year ended March 31, 2019

### 6. Loans:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>6.1 Loans (Unsecured, considered good)</b>				
Security Deposits	564.12	966.07	3,779.75	3,309.16
Loans and advances to related parties	-	1,778.38	-	-
<b>6.2 Loans (Unsecured, which have significant increase in Credit Risk)</b>				
Security Deposits	-	-	-	-
Loans to Employees	-	-	-	-
<b>6.3 Loans (Unsecured, Credit Impaired)</b>				
Security Deposits	15.00	15.00	-	-
Loans and advances to related parties*	-	-	1,885.95	-
Loans to Employees	-	-	3.41	3.41
	<b>579.12</b>	<b>2,759.45</b>	<b>5,669.11</b>	<b>3,312.57</b>
Less: Provision for Doubtful advances	15.00	15.00	1,889.36	3.41
<b>Total</b>	<b>564.12</b>	<b>2,744.45</b>	<b>3,779.75</b>	<b>3,309.16</b>

\*6.3.1. Cease to be a Related party w.e.f. 19.01.2019.

The Company has filed a petition u/s 7 of the IBC Code 2016 for recovery, and hence the amount is provided. (ref note no 34)

### 7. Other Financial Assets

Non current margin money deposit	1.03	36.92	-	-
Interest Accrued on Deposits and advances	-	-	247.96	638.85
Unbilled Revenue	-	-	437.63	-
Claims receivable	-	-	14.94	123.86
	<b>1.03</b>	<b>36.92</b>	<b>700.53</b>	<b>762.71</b>

### 8. Current Tax Assets (Net)

Particulars	March 31, 2019	March 31, 2018
Current tax Assets		
Advance Income Tax	993.53	1,003.82
Current tax liabilities		
Provision for Income tax	48.44	339.45
<b>Total (net)</b>	<b>945.09</b>	<b>664.37</b>

### 9. Other Assets:

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Capital Advances</b>				
Secured (considered good)	50.00	186.06	-	-
Unsecured (considered good)	22.92	53.57	-	-
Unsecured (considered doubtful)	-	-	-	-
<b>Total - (A)</b>	<b>72.92</b>	<b>239.63</b>	<b>-</b>	<b>-</b>
<b>Advance Recoverable in Cash or in Kind</b>				
- Unsecured (considered good)	-	-	5,744.29	6,133.51
- Unsecured (considered doubtful)	-	-	362.11	362.11
	-	-	6,106.40	6,495.62
Less: Provision for Doubtful Advances	-	-	362.11	362.11
<b>Total - (B)</b>	<b>-</b>	<b>-</b>	<b>5,744.29</b>	<b>6,133.51</b>
Prepaid Expenses	13.19	16.57	219.90	1,499.76
Gratuity fund - excess of plan assets over liability	-	-	55.62	360.37
Balance with Customs Authorities	-	-	22.51	22.51
<b>Total - (C)</b>	<b>13.19</b>	<b>16.57</b>	<b>298.03</b>	<b>1,882.64</b>
<b>Total - (A+B+C)</b>	<b>86.11</b>	<b>256.20</b>	<b>6,042.32</b>	<b>8,016.15</b>

## Notes forming part of the financial statements for the year ended March 31, 2019



### 10. Inventories:

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
Raw materials	490.24	858.49
Work in process	188.87	57.07
Finished Goods - Manufactured goods	3,478.95	5,273.79
Stock In Transit - Manufactured goods	689.66	2,282.72
Traded goods	2,810.69	3,082.87
Stock In Transit - Traded goods	11.36	31.58
Packing materials	382.04	433.45
Stores and Spares	2,217.17	2,499.65
Loose tools	7.54	7.29
<b>Total</b>	<b>10,276.52</b>	<b>14,526.91</b>

### 11. Trade Receivables: (Unsecured) (Refer Note 11.1)

Particulars	March 31, 2019	March 31, 2018
Debts outstanding		
Considered good	81,274.14	167,727.79
Which have significant increase in Credit Risk	2,125.33	2,865.35
Credit Impaired	2,868.43	1,796.11
	86,267.90	172,389.25
Less: Provision for doubtful debts	3,117.67	2,598.94
<b>Total</b>	<b>83,150.23</b>	<b>169,790.31</b>

11.1. Includes subsidy and other dues ₹ 62,346.25 Lakhs (Previous Year ₹ 1,39,243.37 Lakhs) from Government of India and ₹ 13,787.29 Lakhs (Previous Year ₹ 13,136.42 Lakhs) from State Governments.

### 12. Cash and Cash Equivalents

Particulars	March 31, 2019	March 31, 2018
<b>Balances with Banks</b>		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	278.55	513.40
Others	4,656.29	52.98
Cheques, drafts on hand	300.09	736.32
Cash on hand	385.21	21.21
<b>Total</b>	<b>5,620.14</b>	<b>1,323.91</b>

### 13. Other Bank Balances

Particulars	March 31, 2019	March 31, 2018
<b>in Deposit Accounts</b>		
Margin Money Deposits	9,014.55	5,874.50
<b>Total</b>	<b>9,014.55</b>	<b>5,874.50</b>

## Notes forming part of the financial statements for the year ended March 31, 2019

## 14. Share Capital:

₹ in Lakhs

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of ₹ 1/- each	1,80,00,00,000	18,000.00	1,80,00,00,000	18,000.00
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹ 1/- each	59,80,65,003	5,980.65	59,80,65,003	5,980.65

## 14.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Equity Shares of ₹ 1/- each</b>				
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Add: On allotment during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>59,80,65,003</b>	<b>5,980.65</b>	<b>59,80,65,003</b>	<b>5,980.65</b>

## 14.2. Rights, Preferences and Restrictions attached to equity shares

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

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

## 14.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity Shares of ₹ 1/- each</b>				
Amlika Mercantile Private Limited	29,60,72,140	49.51	29,60,72,140	49.51
Zuari Agro Chemicals Limited	3,22,67,741	5.40	3,22,67,741	5.40

## 14.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of ₹ 1/- each (aggregating to ₹ 5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

## 15. Other Equity:

Particulars	March 31, 2019	March 31, 2018
<b>Capital Reserve</b>		
Opening Balance	51,853.85	51,853.85
Changes during the year	-	-
Closing Balance	51,853.85	51,853.85
<b>Securities Premium</b>		
Opening Balance	1,09,619.35	1,09,619.35
Add: On allotments during the year	-	-
Closing Balance	1,09,619.35	1,09,619.35
<b>Debenture Redemption Reserve</b>		
Opening Balance	-	2,087.99
Less: Transfer to General Reserve	-	2,087.99
Closing Balance	-	-
<b>General Reserve</b>		
Opening Balance	13,379.72	11,291.73
Add: Transfer from Debenture Redemption Reserve	-	2,087.99
Closing Balance	13,379.72	13,379.72

Particulars	March 31, 2019	March 31, 2018
<b>Retained Earnings</b>		
Opening Balance	(73,506.31)	(71,595.60)
Add: Loss after tax for the year	(49,072.85)	(2,152.01)
Items of other comprehensive income directly recognised in retained earnings		
- Remeasurement of post employment benefit obligations, net of tax	8.44	241.30
Closing Balance	(1,22,570.72)	(73,506.31)
<b>Total</b>	<b>52,282.20</b>	<b>101,346.61</b>

**Nature and purpose of reserves**

- Capital Reserve: During the composite scheme of arrangement and amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.
- Securities Premium: The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.
- Debenture Redemption Reserve: This reserve was created for redemption of non-convertible debentures.
- General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.
- Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**16. Borrowings:**

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Term Loans (Secured)</b>				
From Banks (Refer Note 16.1)	-	36,018.75	36,016.99	13,087.92
From Others (Refer Note 16.2)	39.50	128.93	87.71	160.00
<b>Corporate Loan (Secured)</b>				
From Banks (Refer Note 16.3)	-	1,198.61	1,198.24	1,500.00
<b>Deferred Payment Liabilities (Unsecured) (Refer Note 16.4)</b>				
Sales tax Deferral	3,226.52	3,478.45	610.32	732.24
<b>Total</b>	<b>3,266.02</b>	<b>40,824.74</b>	<b>37,913.26</b>	<b>15,480.16</b>
<b>The above amount includes:</b>				
Secured Borrowings	39.50	37,346.29	37,302.94	14,747.92
Unsecured Borrowings	3,226.52	3,478.45	610.32	732.24
Amount disclosed under the head	-	-	(37,913.26)	(15,480.16)
Other Financial Liabilities (Refer Note 23)				
	<b>3,266.02</b>	<b>40,824.74</b>	-	-

**16.1 Working Capital Term Loan: In Rupees from Banks**

16.1.1. Working Capital Term loans from banks together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future ranking pari-passu, inter se, those lenders other than those mentioned in Note 16.2 and 16.3. Charge created through an equitable mortgage by deposit of title deeds of immovable property(except some land parcel) of the Company.
- a first charge on the current assets of the Company ranking pari-passu, inter se, the lenders.
- Pledge, on pari passu basis, a portion of their shares in the company by it's core promoters.

16.1.2. Also personally guaranteed by Shri K.S.Raju and Shri K Rahul Raju.

## Notes forming part of the financial statements for the year ended March 31, 2019

16.1.3. The details of rate of interest and repayment of above Working Capital Term Loans are as follows:

₹ in Lakhs

S. No.	Bank	Rate of Interest %	Balance as on March 31, 2019	Repayment Schedule		
				Number of Instalments	Frequency	Commencing from
a)	IDBI Bank Limited	BBR +3.00	21,800.00	23	Quarterly	Jul-16
b)	State Bank of India	BBR +3.40	16,648.24	23	Quarterly	Jul-16
c)	ICICI Bank Limited	I-MCLR+4.35	5,460.00	23	Quarterly	Jul-16
d)	UCO Bank	SBI Base rate+4.50	1,007.50	23	Quarterly	Jul-17
	<b>Total</b>		<b>44,915.74</b>			

16.1.4. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2019		March 31, 2018	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
IDBI Bank Limited	0-274 days	5,100.00	-	-
State Bank of India	0-274 days	3,330.00	-	-
ICICI Bank Limited	0-90 days	420.00	-	-
UCO Bank	0-91 days	48.75	-	-
<b>Interest</b>				
IDBI Bank Limited	0-274 days	2,658.49	-	-
State Bank of India	0-274 days	2,191.79	-	-
ICICI Bank Limited	0-152 days	378.86	-	-
UCO Bank	0-60 days	32.11	-	-

### 16.2. Term Loans – In Rupees from Others:

16.2.1. The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

16.2.2. Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2019	Repayment Schedule
Department of Bio Technology	2	216.00	10 Semi annual Instalments commencing from October 31, 2014
Department of Bio Technology	2	16.00	10 Semi annual Instalments commencing from June 30, 2014
Department of Bio Technology	2	63.06	10 Semi annual Instalments commencing from October 18, 2018

16.2.3. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2019		March 31, 2018	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
Department of Bio Technology	0-305 days	167.85	-	-
<b>Interest</b>				
Department of Bio Technology	0-305 days	3.84	-	-

### 16.3 Corporate Loan:

16.3.1 Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking pari-passu with other banks in the consortium and collateral security on the Company's immoveable properties ranking pari-passu with working capital lenders. This loan is personally guaranteed by Shri K.S.Raju.

16.3.2. Details of rate of interest and repayment are as under.

Bank / Institution	Rate of Interest %	Balance as on March 31, 2019	Repayment Schedule		
			Number of Instalments	Frequency	Commencing from
State Bank of India	BBR +4.40	2,398.24	20	Quarterly	Dec-14



## Notes forming part of the financial statements for the year ended March 31, 2019

### 16.3.3. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2019		March 31, 2018	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
State Bank of India	0-274 days	1,200.00	-	-
<b>Interest</b>				
State Bank of India	0-274 days	311.42	-	-

### 16.4 Sales Tax Deferral:

The Government of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2019 is ₹ 5,637.47 Lakhs (Previous Year ₹ 6,440.75 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012.

The Company has defaulted in payment of installment of ₹ 632.24 Lakhs for a period of 12 days as at the year end.

### 17. Other Financial Liabilities (Non-current):

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
Deposits from Dealers	7,561.46	7,543.89
Other Deposits - (Retention, EMD etc.)	291.40	270.72
<b>Total</b>	<b>7,852.86</b>	<b>7,814.61</b>

### 18. Provisions:

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provision for employee benefits (Refer Note 30.1) - for Leave Benefit (net of plan assets)	435.52	530.10	553.92	325.33
<b>Total</b>	<b>435.52</b>	<b>530.10</b>	<b>553.92</b>	<b>325.33</b>

### 19. Deferred Tax Liabilities (Net):

Deferred Tax Liability as at year end comprises the following:

Particulars	Nature	March 31, 2019	March 31, 2018
<b>On account of -</b>			
Depreciation / amortization	Liability	41,961.25	44,750.60
Land	Liability	2,968.28	2,984.03
Employee benefit provision	Asset	345.75	298.91
Unabsorbed Loss and Depreciation under tax laws	Asset	10,252.09	9,497.87
Government grant	Asset	193.44	187.63
<b>Total</b>	Net Liability	<b>34,138.25</b>	<b>37,750.22</b>
Charge / (Credit) for the year		<b>(3,611.97)</b>	

### 20. Government Grants:

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Government Grant related to</b>				
- Sales tax deferral	1,374.66	1,718.33	343.67	343.67
- Loan from Dept. of Bio-Technology	14.86	19.10	4.24	4.24
<b>Total</b>	<b>1,389.52</b>	<b>1,737.43</b>	<b>347.91</b>	<b>347.91</b>

## Notes forming part of the financial statements for the year ended March 31, 2019

## 21. Borrowings:

₹ in Lakhs

Particulars	Current	
	March 31, 2019	March 31, 2018
<b>Loans repayable on demand</b>		
<b>Secured (Refer Note 21.1)</b>		
From Banks		
Cash Credit	1,17,007.70	1,03,033.23
Short Term Loan	7,121.62	1,483.47
Interest Accrued - CC Accounts	5,387.23	-
<b>Total</b>	<b>1,29,516.55</b>	<b>1,04,516.70</b>

21.1. Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares), present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are personally guaranteed by Shri K.S.Raju and personal guarantee of Shri. K Rahul Raju to some of the banks.

## 22. Trade Payables:

Particulars	March 31, 2019	March 31, 2018
<b>Trade Payables - Other than Acceptances</b>		
(A) Micro, Small, Medium Enterprises (MSMEs)	201.07	-
(B) Other than MSMEs	74,459.26	146,274.04
	<b>74,660.33</b>	<b>146,274.04</b>

22.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

Particulars	March 31, 2019	March 31, 2018
A. Principal amount remaining unpaid	201.07	-
B. Interest due thereon	14.79	Nil
C. Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
D. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	27.00	Nil
E. Interest accrued and remaining unpaid	41.79	Nil
F. Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

## 23. Other Financial Liabilities (Current):

Particulars	March 31, 2019	March 31, 2018
<b>Financial Liabilities at Fair value through Profit or Loss</b>		
Derivative Liability - Foreign exchange forward contracts	-	6.02
<b>Financial Liabilities at amortised cost</b>		
Current maturities of long term debt (Refer Note 16)	37,913.27	15,480.16
Interest accrued but not due	30.09	16.11
Interest accrued and due	5,576.51	686.90
Unclaimed Dividends (Refer Note 23.1)	278.55	513.40
Overdue Term Loans (Refer Note 16)	10,266.60	-
Overdue Deferred Payment Liabilities (Refer Note 16.4)	632.24	338.28
<b>Other payables</b>		
Deposits	209.51	201.78
Others	3,470.01	1,516.03
Payable on purchase of fixed assets	2,209.70	1,136.88
	<b>60,586.48</b>	<b>19,895.56</b>

23.1. There are no amounts due for remittance to the Investor Education Protection Fund as at the Balance Sheet date.

## Notes forming part of the financial statements for the year ended March 31, 2019

## 24. Other Current Liabilities:

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>Other payables</b>		
Statutory Payables	1,356.84	1,815.90
<b>Total</b>	<b>1,356.84</b>	<b>1,815.90</b>

## 25. Revenue from Operations:

Particulars	2018-19	2017-18
<b>Sales, including Subsidy on products</b>		
<b>Manufactured goods</b>		
Urea (Refer Note 25.1) *	1,40,807.69	3,02,813.40
Customised Fertilizers	2,356.48	2,989.42
Extruded Irrigation systems	17,675.60	21,216.19
<b>Total - A</b>	<b>1,60,839.77</b>	<b>3,27,019.01</b>
<b>Traded goods</b>		
Pool Urea \$	17,593.56	36,207.94
Specialty Fertilizers	7,090.48	13,865.00
Others #	5,594.29	13,475.64
<b>Total - B</b>	<b>30,278.33</b>	<b>63,548.58</b>
<b>Sale of Products</b>	<b>Total - (A+B)</b>	<b>3,90,567.59</b>
<b>Sale of Services</b>	2,819.91	1,687.45
<b>Other Operating revenues (sale of scrap, etc.)</b>	96.75	112.59
<b>Total</b>	<b>1,94,034.76</b>	<b>3,92,367.63</b>

\* including Government Subsidy ₹ 1,07,445.35 Lakhs (Previous Year ₹ 2,16,381.12 Lakhs)

\$ including reimbursements from Government ₹ 4,709.37 Lakhs (Previous Year ₹ 10,319.64 Lakhs)

# including Government Subsidy ₹ Nil Lakhs (Previous Year ₹ 62.64 Lakhs)

## 25.1. Group Concession Scheme – (GCS) Subsidy

- i. Nitrogenous fertilizers (Urea) are under the Group Concession Subsidy Scheme of Government of India (GOI), Department of Fertilizers. GOI has notified New Urea Policy (NUP) -2015 and Gas Pooling Policy applicable to Fertilizer industry effective from June 1, 2015. Concession rates for Plant-1 and Plant-2 for the period April 1, 2018 to March 31, 2019 have been recognized based on notified rates as per respective policies.

Income towards reimbursement claims towards additional fixed cost ₹ 2,074.57 Lakhs (Previous Year ₹ 4,181.10 Lakhs), Input de-escalation ₹ 982.03 Lakhs (Previous year escalation ₹ 17,568.14 Lakhs), and for production beyond reassessed capacity ₹ Nil Lakhs (Previous year ₹ 8,943.10 Lakhs) have been accounted for during the year as per the prices and provisions applicable under NPS III, Modified NPS-III and NUP 2015 based on the Prescribed Norms and Management estimates.

- ii. Government of India / Department of Fertilizers has implemented Direct Benefit Transfer (DBT) in Fertilizer Sector in all the States of the Country from 1st, March, 2018. The Subsidy income for the period April 2018 to March 31, 2019, has been recognized in the accounts for the entire quantities received in the States under DBT scheme.

## 26. Other Income:

₹ in Lakhs

Particulars	2018-19	2017-18
Interest on Bank Deposits and others	676.15	861.58
Government grants	347.91	347.91
Other non-operating income	1,622.82	3,287.65
<b>Total</b>	<b>2,646.88</b>	<b>4,497.14</b>

## 27. Cost of Materials consumed:

₹ in Lakhs

Particulars	2018-19	2017-18
Natural Gas	59,280.99	122,022.33
Plastic Granules	6,073.41	6,142.11
PVC resin	1,336.53	1,857.25
Others	2,090.30	2,717.31
Packing Material	2,160.89	5,406.64
<b>Total</b>	<b>70,942.12</b>	<b>138,145.64</b>

## Notes forming part of the financial statements for the year ended March 31, 2019

## 28. Purchase of Stock-in-Trade:

₹ in Lakhs

Particulars	2018-19	2017-18
Pool Urea	13,858.43	21,738.69
Specialty Fertilizers	4,572.89	8,523.45
Packing Material	911.58	1,592.10
Others	6,512.70	13,999.99
<b>Total</b>	<b>25,855.60</b>	<b>45,854.23</b>

## 29. Changes in inventories of finished goods, stock-in-trade and work in progress:

₹ in Lakhs

Particulars	2018-19	2017-18
<b>Inventories at the beginning of the year</b>		
Traded goods	3,114.44	7,957.55
Finished Goods	7,556.52	9,256.59
Work in Process	57.07	118.56
<b>Total - (A)</b>	<b>10,728.03</b>	<b>17,332.70</b>
<b>Inventories at the end of the year</b>		
Traded goods	2,822.05	3,114.44
Finished Goods	4,168.61	7,556.52
Work in Process	188.87	57.07
<b>Total - (B)</b>	<b>7,179.53</b>	<b>10,728.03</b>
<b>Total - (A-B)</b>	<b>3,548.50</b>	<b>6,604.67</b>

## 30. Employee Benefits Expense:

₹ in Lakhs

Particulars	2018-19	2017-18
Salaries and Wages	13,828.55	15,347.21
Contribution to Provident and Other Funds	907.45	924.98
Staff Welfare Expenses	1,008.92	1,078.34
<b>Total</b>	<b>15,744.92</b>	<b>17,350.53</b>

## 30.1 Employee benefits

## Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees including whole time directors. Under the plans 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 by the Company.

Contributions to these Defined Contribution Plans, charged to Statement of Profit and Loss during the year are as under:

Particulars	March 31, 2019	March 31, 2018
Employer's contribution to provident fund	346.91	365.91
Employer's contribution to Superannuation fund	174.99	213.42
Employer's contribution to Pension scheme	209.05	213.69

## Defined Benefit Plans

The employees' gratuity fund and leave encashment (PL) schemes managed by Life Insurance Corporation of India are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

## Notes forming part of the financial statements for the year ended March 31, 2019



Changes in the present value of the defined benefit obligation are, as follows:

₹ in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
<b>Defined benefit obligation at April 1, 2017</b>	<b>2,226.83</b>	<b>1,385.76</b>
Current service cost	164.90	379.51
Interest expense	141.49	87.17
Benefits paid	(223.82)	(159.07)
Actuarial (gain)/ loss on obligations - OCI	77.80	(420.01)
<b>Defined benefit obligation at March 31, 2018</b>	<b>2,387.20</b>	<b>1,273.36</b>
Current service cost	152.83	117.18
Interest expense	169.30	86.17
Benefits paid	(542.09)	(385.95)
Actuarial (gain)/ loss on obligations - OCI	186.55	6.75
<b>Defined benefit obligation at March 31, 2019</b>	<b>2,353.79</b>	<b>1,097.51</b>

Changes in the fair value of plan assets are, as follows:

Particulars	Gratuity Funded	Leave Encashment Funded
Fair value of plan assets as at April 1, 2017	2,745.65	1,042.37
Contribution by employer	26.41	0.05
Contribution by Employees	-	-
Interest income	212.64	76.77
Benefits paid	(223.82)	(165.66)
Return on plan assets (excluding amounts included in net interest expense) - OCI	(13.31)	(7.79)
<b>Fair value of plan assets as at March 31, 2018</b>	<b>2,747.57</b>	<b>945.74</b>
Contribution by employer	-	0.06
Contribution by Employees	-	-
Interest income	190.33	57.84
Benefits paid	(542.09)	(385.95)
Return on plan assets (excluding amounts included in net interest expense) - OCI	13.60	0.51
<b>Fair value of plan assets as at March 31, 2019</b>	<b>2,409.41</b>	<b>618.20</b>

Reconciliation of fair value of plan assets and defined benefit obligation:

Particulars	Gratuity Funded	Leave Encashment Funded
Fair value of plan assets at April 1, 2017	2,745.65	1,042.37
Defined benefit obligation at April 1, 2017	2,226.83	1,385.76
<b>Amount recognised in the Balance Sheet at April 1, 2017</b>	<b>518.82</b>	<b>(343.39)</b>
Fair value of plan assets at March 31, 2018	2,747.57	945.74
Defined benefit obligation at March 31, 2018	2,387.20	1,273.36
<b>Amount recognised in the Balance Sheet at March 31, 2018</b>	<b>360.37</b>	<b>(327.62)</b>
Fair value of plan assets at March 31, 2019	2,409.41	618.20
Defined benefit obligation at March 31, 2019	2,353.79	1,097.51
<b>Amount recognised in the Balance Sheet at March 31, 2019</b>	<b>55.62</b>	<b>(479.31)</b>



## Notes forming part of the financial statements for the year ended March 31, 2019

## Amount recognised in Statement of Profit and Loss:

₹ in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Current service cost	152.83	117.18
Net interest expense	(21.03)	28.33
Remeasurement of Net Benefit Liability/ Asset	-	
<b>Amount recognised in Statement of Profit and Loss for year ended March 31, 2019</b>	<b>131.80</b>	<b>145.51</b>
Current service cost	164.90	379.51
Net interest expense	(71.15)	10.40
Remeasurement of Net Benefit Liability/ Asset	-	
<b>Amount recognised in Statement of Profit and Loss for year ended March 31, 2018</b>	<b>93.75</b>	<b>389.91</b>

## Amount recognised in Other Comprehensive Income:

Particulars	Gratuity Funded	Leave Encashment Funded
Actuarial (gain)/ loss on obligations	186.55	6.75
Return on plan assets (excluding amounts included in net interest expense)	(13.60)	(0.51)
<b>Amount recognised in Other Comprehensive Income for year ended March 31, 2019</b>	<b>172.95</b>	<b>6.24</b>
Actuarial (gain)/ loss on obligations	77.80	(420.01)
Return on plan assets (excluding amounts included in net interest expense)	13.31	7.79
<b>Amount recognised in Other Comprehensive Income for year ended March 31, 2018</b>	<b>91.11</b>	<b>(412.22)</b>

## The major categories of plan assets of the fair value of the total plan assets are as follows:

Investment Details	March 31, 2019		March 31, 2018	
	Gratuity Funded	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded
Gratuity Fund (LIC)	2,409.41	618.20	2,747.57	945.74

## The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	March 31, 2019	March 31, 2018
<b>Discount rate (in %)</b>		
Gratuity	7.65%	8.00%
Leave Encashment	7.65%	8.00%
<b>Salary Escalation (in %)</b>		
Gratuity	6.00%	6.00%
Leave Encashment	6.00%	6.00%
<b>Rate of return in plan assets (in %)</b>		
Gratuity	7.65%	8.00%
Leave Encashment	8.00%	8.00%
<b>Expected average remaining working lives of employees (in years)</b>		
Gratuity	18.08	22.03
Leave Encashment	18.08	21.00

## A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

₹ in Lakhs

Particulars	Gratuity	Leave encashment
<b>Discount rate</b>		
+1%	136.94	42.99
-1%	(156.25)	(46.94)
<b>Salary growth</b>		
+1%	(166.48)	(53.57)
-1%	149.26	49.93

The following payments are expected contributions to the defined benefit plan in future years:

₹ in Lakhs

Particulars	Gratuity	Leave encashment
Year ending March 31,	2019	2019
2020	457.22	200.47
2021	160.97	182.14
2022	268.94	193.31
2023	250.51	159.35
2024	220.89	125.34
2025 - 2029	1,093.28	432.99
<b>Total expected payments</b>	<b>2,451.81</b>	<b>1,293.61</b>

No of years

Particulars	March 31, 2019	March 31, 2018
<b>The average duration of the defined benefit plan obligation</b>		
- for gratuity	11.39	13.84
- for leave encashment	6.52	6.93

**31. Finance cost:**

₹ in Lakhs

Particulars	2018-19	2017-18
Interest	27,465.68	25,593.10
Other borrowing costs		
LC Charges	541.85	1,802.89
Others	2,791.94	3,206.68
Interest on shortfall in payment of Advance Tax	-	218.32
<b>Total</b>	<b>30,799.47</b>	<b>30,820.99</b>

**32. Depreciation and amortization expense**

Particulars	2018-19	2017-18
Depreciation of Property, Plant and Equipment	8,391.62	8,436.70
Amortisation of intangible assets	491.40	491.40
<b>Total</b>	<b>8,883.02</b>	<b>8,928.10</b>

## Notes forming part of the financial statements for the year ended March 31, 2019

## 33. Other Expenses:

₹ in Lakhs

Particulars	2018-19	2017-18
Catalysts charge	170.07	-
Chemicals and consumables	630.19	1,094.88
Conversion Charges	156.07	194.24
Rent	840.32	852.51
Rates and Taxes	217.42	419.27
Electricity and Water	188.24	201.43
Stores and Spares Consumed	594.12	636.88
Repairs and Maintenance		
Buildings	21.99	30.13
Plant and Machinery	717.70	465.62
Others	667.88	864.16
Insurance	409.31	498.14
Printing and Stationery	97.70	114.03
Postage, Telephone and Telex	158.94	205.48
Travelling and Conveyance	1,273.50	1,494.85
Advertisement and Publicity	1,482.87	1,326.63
Employee Recruitment and Training	60.80	132.62
Legal, Secretarial and Share Registry	663.75	753.95
Professional and Consultancy	755.47	936.78
Directors Sitting Fees	10.95	12.35
Loss on Sale of Assets / Assets discarded	311.22	198.50
Auditors' remuneration (Refer Note 43)	101.28	109.54
Corporate Social Responsibility Expenditure (Refer Note 33.1)	33.10	69.00
Transport and Handling	15,272.80	36,487.09
Distribution	1,110.68	882.78
Sales Commission / discounts / rebates	1,859.23	1,291.79
Bad Debts / Advances written off	7.28	268.41
Provision for doubtful debts	518.72	762.60
Provision for diminution in value of Investments	450.00	-
Impairment of assets (net)	1,493.67	222.70
Loss on foreign currency transactions	155.30	22.31
Miscellaneous	1,286.22	795.36
<b>Total</b>	<b>31,716.79</b>	<b>51,344.03</b>

## 33.1 Details of Corporate Social Responsibility Expenditures

Particulars	March 31, 2019	March 31, 2018
a) Gross amount required to be spent by the Company during the year	-	-
b) Amount spent by the Company during the year	33.10	69.00
c) Amount spent by the company represents contribution to Nagarjuna Foundation, a not-for-profit company incorporated under Section 25 of the Companies Act, 1956 (section 8 of the Companies Act, 2013). The foundation undertakes CSR activities in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports etc.,		

## 34. Exceptional items:

Particulars	2018-19	2017-18
Provision for doubtful advances	1,885.95	-
<b>Total</b>	<b>1,885.95</b>	<b>-</b>

The Company gave periodical advances to M/s Nagarjuna Oil Refinery Ltd., (NORL) from April 1, 2011 to November 30, 2018 pursuant to the Composite Scheme of Arrangement and Amalgamation approved by the High Courts of Mumbai and Andhra Pradesh.

## Notes forming part of the financial statements for the year ended March 31, 2019

In view of the value of investment in NORL becoming Zero and has no other source of generating revenue, the Company filed a petition in NCLT, Hyderabad Bench for recovery of the advances given. The NCLT bench of Hyderabad has appointed an Interim Resolution Professional on 9th April 2019 to oversee the resolution process. Since the net worth of NORL is negative, and the possibility for recovery for advances from NORL is remote, a provision is made for the entire amount of advance i.e., Rs1,885.95 lakhs pending finalisation of Resolution Process of NORL.

35. The Company incurred losses during the current year and, earlier years on account of events which are exceptional and due to extraneous factors. In view of these losses, during the current year the company faced severe liquidity crisis and was unable to meet its statutory and other payments on time. The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy.

The company has taken up with its Lenders for a long-term financial resolution which is under process. The Company is working out to have an early resolution with its lenders to streamline its cash flows.

Considering the above facts, the financial statements for the year 2018-19 are drawn on a going concern basis.

36. Details of Capital and Revenue expenditure incurred on Research and Development included under fixed assets, employee benefits expense, other expenses and finance cost are as below:

₹ in Lakhs

Particulars	2018-19	2017-18
<b>A. Capital Expenditure</b>		
Plant and equipment, Computers, Buildings etc.,	0.53	157.50
<b>Total</b>	<b>0.53</b>	<b>157.50</b>
<b>B. Revenue Expenditure</b>		
Salaries and Wages	837.98	929.90
Contribution to Provident and Other funds	53.10	62.19
Staff welfare	39.48	60.50
Electricity and Water	51.56	53.87
Chemicals and Consumables	4.07	87.42
Professional Charges	45.65	122.87
Depreciation	142.73	138.31
Finance cost	6.13	11.90
Others	240.11	228.61
<b>Total</b>	<b>1,420.81</b>	<b>1,695.57</b>
<b>Less: Grants in Aid received (included in Other Income)</b>	-	-
<b>Total</b>	<b>1,420.81</b>	<b>1,695.57</b>
<b>Grand Total</b>	<b>1,421.34</b>	<b>1,853.07</b>

- 36.1. Out of the above expenditure, ₹ 1022.05 Lakhs (Previous Year ₹ 1,362.37 Lakhs) is eligible for weighted deduction u/s 35 (2AB) of Income Tax Act, 1961 as per the Guidelines of Department of Scientific and Industrial Research.

### 37. Tax Reco

#### (a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and March 31, 2018 are as follows:

##### (i) Profit or loss section

Particulars	2018-19	2017-18
Current tax expense	-	-
Tax expense relating to earlier years	-	56.91
Deferred tax	(3,616.44)	(559.09)
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>(3,616.44)</b>	<b>(502.18)</b>

##### (ii) OCI Section

Particulars	2018-19	2017-18
Net (gain) on remeasurement of defined benefit plans	12.91	369.01
Income tax charged to OCI	(4.47)	(127.71)

## Notes forming part of the financial statements for the year ended March 31, 2019

- (b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

₹ in Lakhs

Particulars	31-Mar-19	31-Mar-18
Accounting profit before income tax	(52,689.29)	(2,654.19)
At India's statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	(18,411.75)	(918.56)
Adjustments in respect of current income tax of previous years	-	56.91
Current year losses for which we have not created deferred tax assets	13,518.85	-
Previous year losses for which created deferred tax assets	-	-
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	1,443.94	434.84
Deferred tax on land	15.75	(13.26)
Impact of rate difference on deferred tax	0.00	362.98
Intangible assets	-	-
Deductible expenses for tax purposes:		
Other Deductible expenses	(178.76)	(297.39)
<b>Income tax Expense</b>	<b>(3,611.97)</b>	<b>(374.47)</b>

The Company has unabsorbed losses and depreciation of ₹ 98,747.45 lakhs (March 31, 2018 : ₹ 57,901.91 Lakhs). Deferred tax assets in respect of unabsorbed depreciation and carried forward losses under the Tax Laws are recognised only if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets. The Company has not created deferred tax assets on unabsorbed business losses of ₹ 69,408.83 Lakhs (March 31, 2018 : ₹ 30,721.66 Lakhs).

Particulars	As at 1-Apr-17	Provided during the Year	As at 31-Mar-18	Provided during the Year	As at Mar 31, 2019
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation/ Amortisation)	49,554.51	(1,819.88)	47,734.63	(2,805.10)	<b>44,929.53</b>
<b>Total deferred tax liability (A)</b>	<b>49,554.51</b>	<b>(1,819.88)</b>	<b>47,734.63</b>	<b>(2,805.10)</b>	<b>44,929.53</b>
<b>Deferred tax assets:</b>					
Carry forward Business Loss / Unabsorbed Depreciation	9,793.71	(295.84)	9,497.87	754.22	<b>10,252.09</b>
Employee benefit provisions	290.09	8.82	298.91	46.84	<b>345.75</b>
43B Disallowances etc.	1,122.09	(1,122.09)	-	-	-
Amalgamation expenses	-	-	-	-	-
Others	167.02	20.61	187.63	5.81	<b>193.44</b>
<b>Total deferred tax assets (B)</b>	<b>11,372.91</b>	<b>(1,388.50)</b>	<b>9,984.41</b>	<b>806.87</b>	<b>10,791.28</b>
<b>Deferred Tax liability (Net) (A-B)</b>	<b>38,181.60</b>	<b>(431.38)</b>	<b>37,750.22</b>	<b>(3,611.97)</b>	<b>34,138.25</b>
The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.					

### 38. Contingent Liabilities and Commitments:

#### 38.1. Contingent Liabilities not provided for:

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>i) Claims against the Company not acknowledged as debt:</b>		
a) Tax matters in appeal:		
- Income Tax	344.46	308.15
- Other taxes	912.63	754.73
b) Matters under arbitration (Refer Note 38.1.1)	13,851.70	13,410.49
c) Others	15,590.75	11,880.52
<b>ii) Other money for which the Company is contingently liable :</b>		
a) Counter guarantees given to Bankers in respect of Bank guarantees	1,437.77	1,721.97
b) Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained	-	-
<b>Total</b>	<b>32,137.31</b>	<b>28,075.86</b>



## Notes forming part of the financial statements for the year ended March 31, 2019

**38.1.1.(a)** In relation to some of the contracts for purchase of fertilisers, an international Arbitration Award has been passed against the Company in September 2016 for USD 14,398,188 and GBP 690,630 and interest as applicable apart from costs based on a claim filed by one of the Suppliers of Fertilizers to the Company.

The Company is of the view that the Award has been obtained based on documents tampered with and misrepresentations of facts by said supplier. The Company is contesting the enforcement of the Award in the Courts in India and has also filed a Criminal Complaint before the Metropolitan Magistrate of Hyderabad against the supplier and its officials.

**(b)** The Company entered into two Contracts dated December 15, 2012 on Early Works, Offshore and Onshore towards certain engineering drawings to be utilised towards its plant for third ammonia and urea project on conditions that balance amounts payable only upon (a) the announcement of a fertilizer policy and (b) that the fertilizer policy being found favorable for the Project of the Company. The Company could not proceed further as the policy was not conducive for the project.

The service provider raised invoices for the balance amounts claiming that the work carried out was per contract. As the amounts were not paid the service provider invoked arbitration. The arbitral Tribunal passed an award on October 23, 2017 for USD 877,500, EUR 455,000 and INR 221.39 Lakhs and interest as applicable apart from costs in favour of the claimant. NFCL challenged the Awards by filing two petitions separately for each case under section 34 of Arbitration & Conciliation Act as the tribunal ignored vital evidence such as Govt communication dt 9th May 2013 where in the industries we're asked not to proceed further without necessary approvals from Govt, amongst other grounds.

Based on the current legal progress, the management has provided for 25% of the claim made on the Offshore contract and amount deposited with the court in respect of Onshore contract. The Company continues to proceed legally and hence the balance claims have been disclosed as contingent liabilities as at March 31, 2019 in these financial statements.

### 38.2. Commitments:

₹ in Lakhs

	Particulars	March 31, 2019	March 31, 2018
<b>38.2.1.</b>	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	<b>1,671.90</b>	2,840.90

**38.2.2.** In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of ₹ 100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs.

## 39. Related party transactions: (Disclosures as required by Ind AS 24 - Related Party Disclosures)

### 39.1. List of related parties and their relationships

#### Subsidiaries

- (i) Jaiprakash Engineering and Steel Company Limited

#### Associates

- (i) Nagarjuna Agricultural Research and Development Institute Private Limited
- (ii) KVK Raju International Leadership Limited

#### Key Management Personnel

- (i) Mr.K.S.Raju, Chairman (Retired on 19.01.2019 and ceased to be a Related Party from this date)
- (ii) Mr. Uday Shankar Jha, Chairman wef 19.01.2019
- (iii) Mr.K.Rahul Raju, Managing Director
- (iv) Mr. Chandra Pal Singh Yadav, Nominee director of KRIBHCO
- (v) Dr. NCB Nath (Resigned on 03.12.2018 and ceased to be a Related Party)
- (vi) Mr. O Ramesh Babu, Nominee director of IFCL Ltd (with drawn with effect from 17.07.2018 and ceased to be a Related Party)
- (vii) Ms.Lalitha Raghuram

## Notes forming part of the financial statements for the year ended March 31, 2019

- (viii) Mr. C B Mouli
- (ix) Mr. Hari Haran Ramanathan (Retired capt), Independent Director ( Died on 13.11.2018 and ceased to be a Related Party)
- (x) Mr. Syed Shahabuddin, Nominee director of State Bank of India
- (xi) Mr.Chintapalli Srinivasu, Nominee director of IDBI Bank Ltd ( withdrawn wef 29.09.2018 and ceased to be a Related Party)
- (xii) Mr. VVS Ravindra, Nominee Director IDBI ( from 20.10.2018)
- (xiii) Mr. Ranga Raju ( Resigned on 27.05.2018 and ceased to be a Related Party)
- (xiv) Mr. Anil Kumar P R (Nominee Director withdrawn wef 16.04.2018 and ceased to be a Related Party)
- (xv) Mr. H . Muralidhar , CFO
- (xvi) Mr. K. Chandrasekhar Naidu, Company Secretary

### Relatives of Key Management Personnel.

- (i) Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)

### Enterprises able to exercise significant influence

- (i) Amlika Mercantile Private Limited

### Enterprises significantly influenced by Key Management personnel or their relatives

- (i) NACL Industries Limited (formerly known as Nagarjuna Agrichem Limited)
- (ii) Nagarjuna Oil Refinery Limited (Chairman Resigned on 19.01.2019, hence ceased to be relative party)
- (iii) Nagarjuna Impex Private Limited
- (iv) Nagarjuna Foundation

### 39.2 Related party transactions during the period ended March 31, 2019 are as under:

₹ in Lakhs

Nature of transaction	Subsidiaries	Key Mgmt. Personnel	Relatives of Key Mgmt. Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Advances given</b>				
Nagarjuna Oil Refinery Limited	-	-	-	107.57
	-	-	-	(293.58)
<b>Rent paid</b>				
Shri K Rahul Raju	-	597.44	-	-
	-	(590.32)	-	-
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	-	-	30.00	-
	-	-	(31.13)	-
Nagarjuna Impex Private Limited	-	-	-	21.00
	-	-	-	(21.79)
NACL Industries Limited	-	-	-	-
	-	-	-	(1.50)
<b>Corporate Social responsibility (Donation)</b>				
Nagarjuna Foundation	-	-	-	33.10
	-	-	-	(69.00)

**Note:** Figures in brackets represent previous year transactions.

## Notes forming part of the financial statements for the year ended March 31, 2019

## 39.3 Balances outstanding at the period end March 31, 2019.

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Mgmt. Personnel	Relatives of Key Mgmt. Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Loans and Advances</b>					
Nagarjuna Oil Refinery Limited					
- 31.03.2019	-	-	-	-	1,885.95
- 31.03.2018	-	-	-	-	(1,778.38)
<b>Investments</b>					
Jaiprakash Engineering and Steel Company Limited					
- 31.03.2019	2,256.17	-	-	-	-
- 31.03.2018	(2,256.17)	-	-	-	-
Nagarjuna Agricultural Research and Development Institute Private Limited					
- 31.03.2019	-	2.50	-	-	-
- 31.03.2018	-	(2.50)	-	-	-
KVK Raju International Leadership Limited					
- 31.03.2019	-	15.00	-	-	-
- 31.03.2018	-	(15.00)	-	-	-
Provision for diminution in the value of investment					
- 31.03.2019	910.00	17.50	-	-	-
- 31.03.2018	(460.00)	(17.50)	-	-	-
<b>Provision for Doubtful Advances</b>					
<b>Nagarjuna Oil Refinery Limited</b>					
- 31.03.2019	-	-	-	-	1,885.95
- 31.03.2018	-	-	-	-	-
<b>Rental and other deposits with</b>					
<b>NACL Industries Limited</b>					
- 31.03.2019	-	-	-	-	0.40
- 31.03.2018	-	-	-	-	(0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)					
- 31.03.2019	-	-	-	85.00	-
- 31.03.2018	-	-	-	(85.00)	-
Nagarjuna Impex Private Limited					
- 31.03.2019	-	-	-	-	5.00
- 31.03.2018	-	-	-	-	(5.00)
Shri.K Rahul Raju					
- 31.03.2019	-	-	284.49	-	-
- 31.03.2018	-	-	(284.49)	-	-
<b>Trade Payables</b>					
Shri.K Rahul Raju					
- 31.03.2019	-	-	415.15	-	-
- 31.03.2018	-	-	(62.42)	-	-
Nagarjuna Impex Private Limited					
- 31.03.2019	-	-	-	-	15.12
- 31.03.2018	-	-	-	-	(1.89)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)					
- 31.03.2019	-	-	-	15.15	-
- 31.03.2018	-	-	-	-	-
<b>Other Current Financial Liabilities</b>					
Shri K S Raju					
- 31.03.2019	-	-	0.09	-	-
- 31.03.2018	-	-	(2.13)	-	-
Shri K Rahul Raju					
- 31.03.2019	-	-	11.70	-	-
- 31.03.2018	-	-	(7.03)	-	-

Note: Figures in brackets represent previous year transactions.

## Notes forming part of the financial statements for the year ended March 31, 2019

### Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

₹ in Lakhs

Compensation of key management personnel of the Company	March 31, 2019	March 31, 2018
(a) short-term employee benefits;	106.79	117.82
(b) post-employment benefits;	17.19	19.09
(c) Sitting fees to non-executive directors;	10.95	12.35
<b>Total compensation paid to key management personnel</b>	<b>134.93</b>	<b>149.26</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

### 40. Segment Reporting

The financial results comprise the combined operations of the Company relating to the Fertilizer, Micro Irrigation and Agri Services businesses. The financial results of Micro Irrigation and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not they share any of the aggregation criteria, are neither disclosed as separate segments nor combined as "all other segments" for the purpose of disclosures under Ind AS 108 - Operating Segments.

#### Entity wide disclosures

#### Geographical information

₹ in Lakhs

Particulars	Revenue from external customers		Non-current assets*	
	Year Ended March 31, 2019	Year ended March 31, 2018	As at March 31, 2019	As at March 31, 2018
India	192,335.93	391,650.26	250,926.59	260,314.24
Outside India	1,698.83	717.37	-	-
<b>Total</b>	<b>194,034.76</b>	<b>392,367.63</b>	<b>250,926.59</b>	<b>260,314.24</b>

\* Non-current assets excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

#### Information about revenue from major customers which is included in revenue

Particular	Year Ended March 31, 2019	Year ended March 31, 2018
Subsidy claims on Government of India pursuant to its Fertilizer subsidy policies	112,152.66	226,763.40
<b>Total</b>	<b>112,152.66</b>	<b>226,763.40</b>

### 41. Fair Value

#### Category-wise classification of Financial Instruments

₹ in Lakhs

Particulars	Refer Note	Non-current		Current	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets measured at amortised cost					
Security deposits	6	564.12	966.07	3,779.75	3,309.16
Loans and advances to related parties	6	-	1,778.38	-	-
Loans to employees	6	-	-	-	-
Non current margin money deposit	7	1.03	36.92	-	-
Interest accrued on deposit and advances	7	-	-	247.96	638.85
Unbilled revenue	7	-	-	437.63	-
Claims receivable	7	-	-	14.94	123.86
Trade receivables	11	-	-	83,150.23	169,790.31
Cash and cash equivalents	12	-	-	5,620.14	1,323.91
Other Bank balances	13	-	-	9,014.55	5,874.50

Particulars	Refer Note	Non-current		Current	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Financial liabilities measured at fair value through profit or loss</b>					
Foreign exchange forward contract	23	-	-	-	6.02
<b>Financial liabilities measured at amortised cost</b>					
Non Convertible Debentures of ₹ 1/- each	16	-	-	-	-
Term loans from banks	16	-	36,018.75	<b>36,016.99</b>	13,087.92
Term loans from others	16	<b>39.50</b>	128.93	<b>87.71</b>	160.00
Corporate loan from banks	16	-	1,198.61	<b>1,198.24</b>	1,500.00
Deferred Payment Liabilities	16	<b>3,226.52</b>	3,478.45	<b>610.32</b>	732.24
Deposits from dealers	17	<b>7,561.46</b>	7,543.89	-	-
Other Deposits - (Retention, EMD etc.)	17	<b>291.40</b>	270.72	-	-
Loans repayable on demand - cash credit	21	-	-	<b>117,007.70</b>	103,033.23
Loans repayable on demand - short term loan	21	-	-	<b>7,121.62</b>	1,483.47
Loans repayable on demand - suppliers/buyers credit	21	-	-	-	-
Trade payables	22	-	-	<b>74,660.33</b>	146,274.04
Interest accrued but not due	23	-	-	<b>30.09</b>	16.11
Interest accrued and due	23	-	-	<b>5,576.51</b>	686.90
Unclaimed dividends	23	-	-	<b>278.55</b>	513.40
Overdue term loans	23	-	-	<b>10,266.60</b>	-
Overdue Deferred Payment Liabilities	23	-	-	<b>632.24</b>	338.28
Payables towards deposits	23	-	-	<b>209.51</b>	201.78
Payables towards others	23	-	-	<b>3,470.01</b>	1,516.03
Payables towards purchase of fixed assets	23	-	-	<b>2,209.70</b>	1,136.88

The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables and short term loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

The foreign exchange forward contracts approximate their carrying amounts largely due to the mark to market of these instruments as provided by the banks.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### 42. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

##### Quantitative disclosures fair value measurement hierarchy for liabilities :

₹ in Lakhs

Particular	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
<b>Financial liabilities measured at fair value through profit or loss (Refer Note 41)</b>					
Foreign exchange forward contracts	31-Mar-19	-	-	-	-
Foreign exchange forward contracts	31-Mar-18	6.02	-	6.02	-

The fair values of the foreign exchange forward contracts have been determined based in the valuation report obtained from the bank. Significant observable inputs used in the valuation report are quoted forward exchange rates.



**43. Financial risk management objectives and policies****Financial Risk Management Framework**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans and advances, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also entered into derivative transactions.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company's senior management oversees the management of these risks. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company based on the policies agreed by the Company's senior management. The same are summarised below:

**A. Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk except trade receivables where more than 50% is due from Government of India. The same are realisable in due course.

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

**Exposure to credit risk**

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Long-term loans and advances	564.12	2,744.45
Other long term financial assets	1.03	36.92
Short-term loans and advances	3,779.75	3,309.16
Other financial assets	700.53	762.71
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	86,267.90	172,389.25

Balances with bank subject to low credit risk due to good credit rating assigned to this bank.

## Notes forming part of the financial statements for the year ended March 31, 2019

### Trade receivables:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients based on ageing.

The ageing analysis of trade receivables as of the reporting date is as follows:

₹ in Lakhs

Particulars	Neither past due not impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade receivables as of 31st March, 2019	57,618.31	7,189.44	1,665.20	1,173.12	18,621.83	86,267.90
Trade receivables as of March 31, 2018	121,991.75	22,285.38	12,396.32	2,379.83	13,335.96	172,389.25

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables :

Particulars	March 31, 2019	March 31, 2018
Start of the year	2,598.94	1,854.76
Provision for Impairment	518.73	744.18
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
<b>End of year</b>	<b>3,117.67</b>	<b>2,598.94</b>

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

### B. Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

#### Year ended March 31, 2019

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Loans from Banks / Financial institutions	47,569.54	39.50	0.00	47,609.04
Interest-free sales tax deferral loans from State Government	1,242.56	3,051.41	1,343.49	5,637.46
Deposits payable	-	7,852.86	-	7,852.86
Working capital demand loan from bank	117,007.70	-	-	117,007.70
Short term loan from bank	7,121.62	-	-	7,121.62
Trade payables	74,660.33	-	-	74,660.33
Other financial liabilities	11,774.37	-	-	11,774.37

#### Year ended March 31, 2018

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Loans from Banks / Financial institutions	14,747.92	37,346.29	-	52,094.21
Interest-free sales tax deferral loans from State Government	1,070.52	2,487.90	2,517.33	6,075.75
Deposits payable	-	7,814.61	-	7,814.61
Working capital demand loan from bank	103,033.23	-	-	103,033.23
Short term loan from bank	1,483.47	-	-	1,483.47
Trade payables	146,274.04	-	-	146,274.04
Other financial liabilities	4,077.12	-	-	4,077.12

## Notes forming part of the financial statements for the year ended March 31, 2019

### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

### C. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the entity comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2019 and March 31, 2018

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at March 31, 2019.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The company's interest rate exposure is mainly related to variable interest rates debt obligations. The company uses a mix of interest rate sensitive loan facilities from the lenders to manage the liquidity and fund requirement for its day to day operations like working capital, short term loans and suppliers / buyers credit etc.,

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings with floating rate of interest affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
	₹ in Lakhs	
<b>31-Mar-19</b>		
INR	+50	249.25
INR	-50	(249.25)
<b>31-Mar-18</b>		
INR	+50	288.00
INR	-50	(288.00)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency.

## Notes forming part of the financial statements for the year ended March 31, 2019

Particulars	USD in Million	₹ in Lakhs	Euro in Million	₹ in Lakhs	GBP in Million
<b>Foreign currency exposure as at 31st March, 2019</b>					
Trade receivables	0.33	226.19	-	-	
Loans and other receivables	-	-	0.44	362.11	
Trade payables	1.62	(1,120.79)	0.02	(15.38)	0.01
<b>Foreign currency exposure as at March 31, 2018</b>					
Trade receivables	0.15	100.20	-	-	-
Loans and other receivables	-	-	0.44	362.11	-
Trade payables	1.88	(1,222.32)	-	-	-
Foreign exchange forward contracts	2.17	(1,409.50)	-	-	-

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

₹ in Lakhs

Currency	2018-19		2017-18	
	5% increase	5% decrease	5% increase	5% decrease
USD	(44.73)	44.73	(126.58)	126.58
Euro	17.34	(17.34)	18.11	(18.11)
GBP	(0.35)	0.35	-	-
<b>Increase/(decrease) in profit or loss</b>	<b>(27.74)</b>	<b>27.74</b>	<b>(108.47)</b>	<b>108.47</b>

**44. Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short term deposits.

₹ in Lakhs

	At Mar 31, 2019	At March 31, 2018
Interest bearing loans and borrowings (Note 16 & 21)	177,125.59	156,610.91
Less: Cash and short term deposits (Note 12 & 13)	14,634.69	7,198.41
<b>Net debts</b>	<b>162,490.90</b>	<b>149,412.50</b>
Equity share capital (Note 14)	5,980.65	5,980.65
Other Equity (Note 15)	52,282.20	101,346.61
<b>Total Capital</b>	<b>58,262.85</b>	<b>107,327.26</b>
<b>Capital and net debt</b>	<b>220,753.75</b>	<b>256,739.77</b>
<b>Gearing ratio %)</b>	<b>73.61%</b>	<b>58.20%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

## Notes forming part of the financial statements for the year ended March 31, 2019

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2019 and March 31, 2018.

### 45. Auditors' Remuneration:

₹ in Lakhs

Fee towards:	2018-19	2017-18
Statutory Audit	60.00	60.00
Tax Audit	7.50	7.50
Limited Review	15.00	15.00
Certification and other Services	13.76	21.29
Reimbursement of Expenses	5.02	5.75
<b>Total</b>	<b>101.28</b>	<b>109.54</b>

### 46. Earnings per Share:

Particulars	Unit of Measurement	2018-19	2017-18
Net (Loss) after tax	(₹ in Lakhs)	(49,072.85)	(2,152.01)
Number of Equity shares (fully paid up)	(Numbers)	598,065,003	598,065,003
Earnings per share – Basic & Diluted (Face value of ₹ 1/- per share)	[ 1 ] / [ 2 ]	(8.21)	(0.36)

Note: The Company has no dilutive instruments as at 31st March, 2019, as such dilutive earnings per share equals to Basic Earnings per share.

### 47. Particulars of Loans and Advances in the nature of Loans as required by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

₹ in Lakhs

	Name of the company	Balance as at		Maximum outstanding during	
		March 31, 2019	March 31, 2018	2018-19	2017-18
<b>A</b>	<b>Subsidiaries</b>				
<b>B</b>	<b>Associates</b>				
	Nagarjuna Oil Refinery Limited *	-	1,778.38	-	1,778.38
<b>C</b>	<b>Advances in the nature of Loans where there is no repayment schedule</b>				
	Nagarjuna Oil Refinery Limited *	-	1,778.38	-	1,778.38
<b>D</b>	<b>Advances in the nature of Loans where no interest is charged or interest is below section 186 of the Companies Act, 2013</b>				
	Nagarjuna Oil Refinery Limited *	-	1,778.38	-	1,778.38
<b>E</b>	<b>Advances in the nature of Loans to firms / companies in which directors are interested:</b>	Nil	Nil	Nil	Nil

\*Pursuant to the Composite Scheme of Arrangement and Amalgamation. Also Refer Note 35.

### 48. Particulars of Loans, Guarantees or Investments in accordance with Section 186 of the Companies Act, 2013 Loans, Guarantees given or Investments made during the Financial Year 2018-19

Name of the entity	Relation	₹ in Lakhs	Particulars of Loans, Guarantees given or Investments made	Purpose for which the loans, guarantees and investments are proposed to be utilised
Nagarjuna Oil Refinery Limited *	Enterprises significantly influenced by Key Management personnel	107.57	Loan	For day to day operations in terms of Composite Scheme of Arrangement and Amalgamation.

\*Ceased to be a Related Party w.e.f 19.01.2019. Also Refer Note 35.



## Notes forming part of the financial statements for the year ended March 31, 2019

49. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below: (as mandated by the Institute of Chartered Accountants of India in its announcement dated 05.12.2005)

Particulars	Currency	March 31, 2019		March 31, 2018	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Sundry Debtors	USD	3,27,001	226.19	1,54,044	100.20
Advances receivables	USD	-	-	-	-
	EUR	4,35,000	338.01	4,35,000	350.71
Trade Payables	USD	16,20,317	1,120.79	30,000	19.51
	GBP	7,629	6.90	-	-
	EUR	19,792	15.38	-	-

50. Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.
51. The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

### Signatories to Notes

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**For M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**Uday Shankar Jha**

Chairman

**K. Rahul Raju**

Managing Director

For and on behalf of the Board

**C. B Mouli**

**Lalitha Raghuram**

**Syed Shahabuddin**

**Anilkumar Mehta**

Partner

Membership No. 14284

**H Muralidhar**

Chief Financial Officer

**K. Chandra Sekhar Naidu**

Company Secretary

**Chandrapal Singh Yadav**

**V V S Ravindra**

Hyderabad

May 24, 2019

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Nagarjuna Fertilizers and Chemicals Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Holding Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 35 in the financial statements, the Company has incurred net loss of Rs.49,065.11 Lakhs during the year ended March 31, 2019, and the current liabilities exceed the current assets by Rs. 1,47,526.30 Lakhs as on March 31, 2019. During the year ended March 31, 2019

the Company was unable to discharge its obligations for repayment of Loans and settlement of other financial & non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the lenders with a resolution plan and are hopeful of a response by way of a debt restructuring proposal from the lenders. These events and conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as going concern is solely dependent on the acceptance of debt restructuring proposal, which is not wholly within the control of the Company.

The financial statements of the Company have been prepared on going concern basis by the management. The management is hopeful of a successful outcome of the resolution plan submitted and accordingly no adjustments have been made to the carrying value of the assets and liabilities and their presentation/ classification.

Our opinion is not modified in respect of this matter.

#### Emphasis of Matter

Attention is invited to following notes to the Consolidated Ind AS Financial Statements:

- a. Note 45 regarding the provision for diminution in the value of investments made for the value of Investment in Jaiprakash Engineering and Steel Company Limited (JESCO), a subsidiary and its adequacy based on Management assessment, for the reasons stated in the said note
- b. Note 25.1 regarding recognizing Income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, and for production beyond reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III, pending notification of final prices under New Urea Policy 2015 and consequential adjustments, if any that may arise.
- c. Note 37.1.1 regarding Arbitration awards passed against the Company for USD 15,275,688, GBP 6,90,630 EURO 4,55,000; the impact of which has not been recognised in the Financial Statements, for reasons stated in the said note;

Our opinion is not modified in respect of the above matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the

matters described below to be the key audit matters to be communicated in our report. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<b>Revenue Recognition</b> <b>Sale of Products and Subsidy</b> To ensure accuracy of recognition, measurement, presentation and disclosures of revenues and related accounts. <b>Refer Note 25 of the Financial Statements</b>	<b>Principal Audit Procedures</b> <ul style="list-style-type: none"> <li>We have assessed the Company's internal controls in respect of its revenue transactions;</li> <li>We tested the key controls identified,</li> <li>We performed substantive detail testing by selecting a sample of revenue transactions, that we considered appropriate to test the evidence of effectiveness of the internal controls and adherence to accounting policies in recognising the revenue, and the rebates and discounts there against.</li> <li>We have verified the notifications issued for the subsidy recognition classified under product and freight subsidy</li> <li>In respect of other components included in the subsidy income comprising escalation /de-escalation are based on management estimates and towards reimbursement of additional fixed costs etc, are based on Modified NPS III Policy. We have reviewed the management estimates for recognising the income along with various correspondences made with the Government of India, Department of Fertilisers and representations given to us. Since the amounts involved are significant and also involve certain uncertainties, an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (b).</li> </ul>
2	<b>Trade receivables</b> Receivables include receivable from sale of products as well as receivable from Government of India in the form of subsidy. As at March 31, 2019, Trade Receivables amounting to ₹ 86,267.90 Lakhs Includes subsidy and other dues ₹ 62,346.25 Lakhs from Government of India and ₹ 13,787.29 Lakhs from State Governments. <b>Refer Note 11 to the Consolidated Financial Statements.</b>	<b>Principal Audit Procedures</b> Our audit approach was a combination of test of internal controls and substantive procedures which included the following: <ul style="list-style-type: none"> <li>In respect of Subsidy recognised as receivable from Government of India towards reimbursement of additional fixed costs and towards subsidy for production beyond reassessed capacity, though the final prices are not notified.</li> <li>As no confirmation of balance is on record we have relied on the management's assertion on the recoverability an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (b).</li> <li>In respect of other receivables, we have sent request for confirmation from the parties. The response to the request is not significant and hence reviewed the subsequent realisations and obtained representations from the management regarding the realisability.</li> <li>Ensured adequate provision for the long outstanding balances</li> </ul>
3	<b>Borrowings</b> Borrowings from Banks and Financial institutions. Account with the lenders had become a NPA and hence to ensure <ul style="list-style-type: none"> <li>adequate disclosure in terms of security offered</li> <li>adequate disclosure for restructuring if any</li> <li>repayment as per the sanctioned terms</li> <li>and accounting for the interest and penal charges including interest in case of defaults.</li> </ul> <b>Refer Note 16 of the Consolidated financial statements</b>	<b>Principal Audit Procedures</b> Our audit approach was to carry out substantive and analytical procedures which included the following: <ul style="list-style-type: none"> <li>Review of the sanction letters</li> <li>Review of the register of charge</li> <li>Verification of the loan statement from the lender and comparing with the books of account</li> <li>Recalculation of interest and outstanding</li> <li>Ensured adequate disclosure for the overdue balances, classification of the outstanding balances in the financial statements.</li> <li>The company's inability to repay the lenders is referred to Note 35 Of the financial statements and we have considered the same and reported the matter under Material Uncertainty Related to Going Concern section.</li> </ul>
4	<b>Contingent liabilities</b> The Company has material uncertain issues under the contingent liabilities of which some issues are under arbitration and other issues pending at various forums which involves significant judgment to determine the possible outcome of these issues. <b>Refer Note 37 of the Consolidated financial statements</b>	<b>Principal Audit Procedures</b> <ul style="list-style-type: none"> <li>Obtained details of contingent liabilities as at March 31, 2019.</li> <li>Obtained status of each of the matters under litigation from the legal department.</li> <li>Review of Minutes of meetings of Board of Directors and Audit Committee.</li> <li>Discussion with the legal department on the steps being taken and the possible impact on the accounts for the year based on current progress of the matter.</li> <li>Since the amounts involved are significant, an emphasis of matter is given in our report under the Section Emphasis of Matter - Para (c) based on legal and other precedents in evaluating management's position on these matters.</li> </ul>

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters:

We did not audit the financial statements / financial information of one subsidiary, and, whose financial statements / financial information reflect total assets of Rs.1,828.70 Lakhs as at 31st March, 2019, total revenues of Rs.0.91 Lakhs and net cash flows amounting to Rs.0.50 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Financial Statement includes the Group's share of loss of Rs. 0.70 Lakhs-for the year ended March 31, 2019, as considered in the Consolidated Annual Financial Statements, in respect of its Subsidiary, whose financial statements have not been audited by us. The financial statements of the Subsidiary have been audited by other auditors whose reports have been furnished to us by the management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the said Subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Statement of Consolidated Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the

Companies (Accounts) Rules, 2014.

- e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

We report that the Excess over Minimum Remuneration paid to the Chairman and Managing Director for the year 2018-19 needs approval from the lenders before it is presented to the ensuing AGM for its approval in accordance with the amended provisions of the Companies Act 2013.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 37 to the consolidated financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M BHASKARA RAO & Co**

Chartered Accountants  
(Firm's Registration No. 000459S)

**Anilkumar Mehta**

Partner

Hyderabad, May 24, 2019

(Membership No.14284)



## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Nagarjuna Fertilizers and Chemicals Limited of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Nagarjuna Fertilizers and Chemicals Limited (“the Company”) and its subsidiary as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For M BHASKARA RAO & Co**

Chartered Accountants

(Firm’s Registration No. 000459S)

**Anilkumar Mehta**

Partner

Hyderabad, May 24, 2019

(Membership No.14284)

**Nagarjuna Fertilizers and Chemicals Limited**  
**Consolidated Balance Sheet As At 31st March, 2019**

₹ in Lakhs

Particulars	Note	As At March 31, 2019	As At March 31, 2018
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment	3A	2,48,046.17	2,56,370.89
(b) Capital work-in-progress	3B	2,794.31	2,212.95
(c) Other Intangible Assets	4	-	1,474.20
(d) Financial Assets			
(i) Investments	5	-	-
(ii) Loans	6	2,377.97	4,558.30
(iii) Other Financial Assets	7	13.66	49.79
(e) Other Non-Current Assets	9	86.11	256.20
<b>Total Non-Current Assets</b>		<b>2,53,318.22</b>	<b>2,64,922.33</b>
<b>2. Current Assets</b>			
(a) Inventories	10	10,276.52	14,526.91
(b) Financial Assets			
(i) Trade Receivables	11	83,150.23	1,69,790.31
(ii) Cash and Cash Equivalents	12	5,621.66	1,324.93
(iii) Bank Balances other than (ii) above	13	9,014.55	5,874.50
(iv) Loans	6	3,779.75	3,309.16
(v) Other Financial Assets	7	701.01	764.14
(c) Current Tax Assets (Net)	8	945.31	664.60
(d) Other Current Assets	9	6,042.32	8,016.15
<b>Total Current Assets</b>		<b>1,19,531.35</b>	<b>2,04,270.70</b>
<b>Total - Assets</b>		<b>3,72,849.57</b>	<b>4,69,193.03</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	5,980.65	5,980.65
(b) Other Equity	15	52,726.28	1,01,341.38
<b>Equity attributable to shareholders of the Company</b>		<b>58,706.93</b>	<b>1,07,322.03</b>
<b>Non-Controlling Interest</b>	15	2.82	2.82
<b>Total Equity</b>		<b>58,709.75</b>	<b>1,07,324.85</b>
<b>Liabilities</b>			
<b>1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	3,266.02	40,824.74
(ii) Other Financial Liabilities	17	7,852.86	7,814.61
(b) Provisions	18	435.52	530.10
(c) Deferred Tax Liabilities (Net)	19	34,138.24	37,750.22
(d) Government Grants	20	1,389.52	1,737.43
<b>Total Non-Current Liabilities</b>		<b>47,082.16</b>	<b>88,657.10</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	1,29,516.55	1,04,516.70
(ii) Trade Payables			
(a) Micro Enterprises and Small Enterprises	22	201.07	-
(b) Other than Micro Enterprises and Small Enterprises	22	74,459.84	1,46,274.62
(iii) Other Financial Liabilities	23	60,621.53	19,930.61
(b) Other Current Liabilities	24	1,356.84	1,815.90
(c) Government Grants	20	347.91	347.91
(d) Provisions	18	553.92	325.33
<b>Total Current Liabilities</b>		<b>2,67,057.66</b>	<b>2,73,211.07</b>
<b>Total Liabilities</b>		<b>3,14,139.82</b>	<b>3,61,868.17</b>
<b>Total Equity and Liabilities</b>		<b>3,72,849.57</b>	<b>4,69,193.02</b>
Corporate Information and Significant Accounting Policies	1 & 2		

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**For M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**Anilkumar Mehta**

Partner

Membership No. 14284

Hyderabad

May 24, 2019

**Uday Shankar Jha**

Chairman

**H Muralidhar**

Chief Financial Officer

**K. Rahul Raju**

Managing Director

**K. Chandra Sekhar Naidu**

Company Secretary

For and on behalf of the Board

**C. B Mouli**

**Lalitha Raghuram**

**Syed Shahabuddin**

**Chandrapal Singh Yadav**

**V V S Ravindra**

**Nagarjuna Fertilizers and Chemicals Limited**
**Statement of Profit and Loss for the period ended March 31, 2019**

₹ in Lakhs

Particulars	Note	Year ended March 31, 2019		Year ended March 31, 2018	
<b>Income</b>					
<b>Revenue from Operations</b>	25				
Sale of Products (including Subsidy)		1,91,118.10		3,90,567.59	
Sale of Services		2,819.91		1,687.45	
Other Operating Revenues		96.75	1,94,034.76	112.59	3,92,367.63
<b>Other Income</b>	26		2,647.79		4,498.18
<b>Total</b>			1,96,682.55		3,96,865.81
<b>Expenses</b>					
Cost of Materials Consumed	27		70,942.12		1,38,145.65
Purchase of Stock-in-Trade	28		25,855.60		45,854.23
Changes in inventories of finished goods, stock-in-trade and work in progress	29		3,548.50		6,604.67
Power and Fuel			59,994.56		1,00,242.57
Employee Benefits Expense	30		15,744.92		17,352.20
Finance Cost	31		30,799.48		30,821.00
Depreciation and Amortization Expense	32		8,883.02		8,928.10
Excise Duty			-		228.19
Other Expenses	33		31,718.39		51,345.11
<b>Total</b>			2,47,486.59		3,99,521.73
<b>Loss before exceptional items and tax</b>			(50,804.04)		(2,655.92)
Exceptional Items	34		1,885.95		-
<b>Loss before tax</b>			(52,689.99)		(2,655.92)
<b>Tax Expense</b>					
(a) Current Tax			-		-
(b) Adjustments relating to earlier years			-		56.91
(c) Deferred Tax	19		(3,616.44)		(559.09)
<b>Loss after tax for the year</b>			(49,073.55)		(2,153.74)
<b>Attributable to:</b>					
Equity holders of the parent			(49,073.55)		(2,153.74)
Non-Controlling interests			(0.00)		(0.00)
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
Re-measurement gains/(losses) on defined benefit plans			12.91		369.01
(ii) Income tax relating to these items	19		(4.47)		(127.71)
B (i) Items that will be reclassified to profit or loss			-		-
(ii) Income tax relating to these items			-		-
<b>Total Other Comprehensive income, net of tax</b>			8.44		241.30
<b>Total Comprehensive income for the year</b>			(49,065.11)		(1,912.44)
<b>Attributable to:</b>					
Equity holders of the parent			(49,065.11)		(1,912.44)
Non-Controlling interests			(0.00)		(0.00)
<b>Earnings per equity share of face value of ₹ 1/- each</b>					
<b>Basic and Diluted</b>	44		(8.21)		(0.36)
Corporate Information and Significant Accounting Policies	1 & 2				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

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

**Uday Shankar Jha**  
 Chairman

**Anilkumar Mehta**  
 Partner  
 Membership No. 14284

**H Muralidhar**  
 Chief Financial Officer

 Hyderabad  
 May 24, 2019

**K. Rahul Raju**  
 Managing Director

**K. Chandra Sekhar Naidu**  
 Company Secretary

 For and on behalf of the Board  
**C. B Mouli**  
**Lalitha Raghuram**  
**Syed Shahabuddin**
**Chandrapal Singh Yadav**  
**V V S Ravindra**

## Nagarjuna Fertilizers and Chemicals Limited

## Statement of Change in Equity for the year ended March 31, 2019

## (a) Equity Share Capital

Particulars	No.	₹ in Lakhs
Equity shares of ₹ 1 each issued, subscribed and fully paid		
<b>At April 1, 2017</b>	59,80,65,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
<b>At March 31, 2018</b>	59,80,65,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
<b>At March 31, 2019</b>	<b>59,80,65,003</b>	<b>5,980.65</b>

## (b) Other Equity

₹ in Lakhs

Particulars	Reserve and Surplus						Non Controlling Interest	Total
	Capital Reserve	Security premium reserve	Debenture redemption reserve	Foreign Currency Translation reserve	General reserve	Retained Earnings		
<b>As at April 01, 2017 (Refer Note 15)</b>	51,853.85	1,09,619.35	2,087.99	-	11,294.58	(71,601.96)	2.83	1,03,256.64
Profit for the year						(2,153.73)	(0.00)	(2,153.73)
Other Comprehensive Income						241.30		241.30
<b>Total Comprehensive Income</b>	-	-	-	-	-	(1,912.43)	(0.00)	(1,912.43)
Transfer to general reserve			(2,087.99)		2,087.99	-		-
Adjustment on account of consolidation	-	-	-	-	-	-		-
<b>As At March 31, 2018</b>	51,853.85	1,09,619.35	-	-	13,382.57	(73,514.38)	2.82	1,01,344.21
Profit for the year						(48,623.55)	(0.00)	(48,623.55)
Other Comprehensive Income						8.44		8.44
<b>Total Comprehensive Income</b>	-	-	-	-	-	(48,615.11)	(0.00)	(48,615.11)
Adjustment on account of consolidation	-			-		-		-
Cash Dividend						-		-
Dividend distribution tax						-		-
Transfer to general reserve			-		-	-		-
<b>As At March 31, 2019</b>	51,853.85	1,09,619.35	-	-	13,382.57	(1,22,129.49)	2.82	52,729.10

Accompanying Notes form an integral part of the Financial Statements

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(52,689.99)	(2,655.91)
<i>Adjustments:</i>		
Depreciation and Amortisation	8,883.02	8,928.10
Provision for Impairment	1,493.67	222.70
Provision for Doubtful Debts / Advances	2,404.67	762.60
Finance Cost	30,799.48	30,821.00
Provision/write off for Diminution in value of Investments	450.00	-
Deferred government grant	(347.91)	(347.91)
Loss on sale of assets / assets discarded / assets decapitalised	311.22	198.50
<b>Operating Profit before working capital changes</b>	<b>(8,695.84)</b>	<b>37,929.08</b>
Movements in working capital:		
Increase/(decrease) in trade payables	(65,975.57)	53,014.00
Increase/(decrease) in long term provisions	(81.67)	189.55
Increase/(decrease) in short term provisions	228.59	196.64
Increase/(decrease) in other current liabilities	(459.06)	882.32
Increase/(decrease) in other current financial liabilities	3,028.51	907.08
Increase/(decrease) in other long term liabilities	38.25	288.96
Decrease/(increase) in trade receivables	86,121.35	(51,302.22)
Decrease/(increase) in inventories	4,250.39	6,721.84
Decrease/(increase) in long term loans and advances	2,180.33	(341.48)
Decrease/(increase) in short term loans and advances	(2,356.54)	4.44
Decrease/(increase) in other current assets	1,973.83	(5,996.10)
Decrease/(increase) in other financial assets	63.13	(38.28)
Decrease/(increase) in other non current assets	3.38	5.52
<b>Cash generated from operations</b>	<b>20,319.08</b>	<b>42,461.35</b>
Direct Taxes Paid (net of refunds)	(280.71)	(147.78)
<b>Net cash flow from operating activities</b>	<b>20,038.37</b>	<b>42,313.57</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP	(1,328.09)	(3,043.79)
Term deposits / Margin Money Deposits	(3,103.92)	(132.75)
Proceeds from Sale of fixed assets	24.46	8.66
<b>Net cash flow from / (used) in investing activities</b>	<b>(4,407.55)</b>	<b>(3,167.88)</b>
<b>C. Cash flow from Financing activities</b>		
Increase/(decrease) in Buyers/Suppliers credit	-	(7,434.18)
Repayment of long term borrowings	(4,929.59)	(14,389.63)
Finance Costs paid	(20,144.13)	(30,706.26)
Dividend Paid	(234.85)	(140.37)
<b>Net cash flow used in financing activities</b>	<b>(25,308.57)</b>	<b>(52,670.44)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(9,677.75)</b>	<b>(13,524.75)</b>
<b>Cash and Cash Equivalents as at beginning of the year</b>	<b>(1,01,708.30)</b>	<b>(88,183.55)</b>
<b>Cash and Cash Equivalents as at end of the year</b>	<b>(1,11,386.05)</b>	<b>(1,01,708.30)</b>



**Nagarjuna Fertilizers and Chemicals Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2019**



**Notes:**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash and Cash Equivalents comprises of		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	278.55	513.40
Others	4,657.81	54.00
Cheques, drafts on hand	300.09	736.32
Cash on hand	385.21	21.21
Cash and Cash Equivalents (Refer Note 12)	5,621.66	1,324.93
Less: Cash Credit (Refer Note 21)	1,17,007.70	1,03,033.23
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	<b>(1,11,386.04)</b>	<b>(1,01,708.30)</b>

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

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

**Uday Shankar Jha**  
Chairman

**K. Rahul Raju**  
Managing Director

For and on behalf of the Board

**C. B Mouli**  
**Lalitha Raghuram**  
**Syed Shahabuddin**

**Anilkumar Mehta**  
Partner  
Membership No. 14284

**H Muralidhar**  
Chief Financial Officer

**K. Chandra Sekhar Naidu**  
Company Secretary

**Chandrapal Singh Yadav**  
**V V S Ravindra**

Hyderabad  
May 24, 2019

**Nagarjuna Fertilizers and Chemicals Limited****Consolidated Cash Flow Statement for the year ended March 31, 2019****1 CORPORATE INFORMATION**

The company is a listed public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on The Bombay Stock Exchange and The National Stock Exchange Of India, the two recognised stock exchanges in India. The registered office of the company is located at D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

The Company is principally engaged in the business of manufacturing and marketing Fertilizers, Micro Irrigation and Agri Informatic Services.

**2 SIGNIFICANT ACCOUNTING POLICIES****2.1. Consolidated Accounts:**

- (a) The subsidiaries considered in the preparation of these consolidated financial statements are:

	Country of Incorporation	Percentage of voting power	
		31st March, 2019	31st March, 2018
(i) Jaiprakash Engineering and Steel Company Limited	India	99.84%	99.84%

- (b) The details of associates of the Company as defined in Indian Accounting Standard 28 "Investments in Associates and Joint Ventures".

	Country of Incorporation	Percentage of voting power	
		31st March, 2019	31st March, 2018
(i) Nagarjuna Agricultural Research and Development Institute	India	25.00%	25.00%
(ii) K.V.K.Raju International Leadership Academy	India	42.85%	42.85%

The investments in associates are not considered for consolidation as the Companies by law are not allowed to transfer any funds to the investing company. These investments are accounted for in accordance with Indian Accounting Standard 28 "Investments in Associates and Joint Ventures".

**2.2. Principles of Consolidation:**

The Consolidated Financial Statements relate to Nagarjuna Fertilizers and Chemicals Limited and its subsidiary companies (together referred to herein as "the Company" or "Group"), and have been prepared on the following basis:

- The Financial Statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and un realised profits or losses on intra group transactions as per Indian Accounting Standard (Ind AS) 110 – "Consolidated Financial Statements" notified by the Companies (Accounts) Rules, 2014.
- In case of associates where the Company directly or indirectly through its subsidiaries holds more than 20% of Equity, Investments in Associates are accounted under the equity method as per Indian Accounting Standard (Ind AS) 110 – "Consolidated Financial Statements" notified by the Companies (Accounts) Rules, 2016.
- The Financial Statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Company, i.e., March 31, 2019.
- The excess of the cost to the Company of its investment in the subsidiaries over the Company's share of equity is recognized in the Financial Statements as Goodwill and tested for impairment annually.
- The excess of the Company's share of equity of the subsidiaries on the acquisition date, over its cost of investment is treated as Capital Reserve.
- Non-controlling interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the Company.

Non-controlling Minority interest in the net assets of consolidated subsidiaries consists of:

- The amount of equity attributable to non-controlling interest at the date on which investment in a subsidiary is made; and
- The non-controlling interest's share of movements in the equity since the date the parent subsidiary relationship came into existence.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

- g) Non-controlling interest in the net profit / (loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- h) Intra-group balances and intra-group transactions and resulting unrealized profits / losses have been eliminated.
- i) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at monthly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in "Foreign Currency Translation Reserve".
- j) The consolidated Financial Statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements.

### 2.3. Basis of preparation:

The Financial Statements of the group have been prepared in accordance with Indian Accounting Standards (Ind AS) on accrual basis and under the historical cost convention except for Derivative financial instruments and certain financial instruments which are measured at fair value, pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amended Rules, 2016.

The Financial Statements are presented in INR and all values are rounded to two decimals to the nearest lakhs, except when otherwise indicated.

### 2.4. Use of estimates:

The preparation of Financial Statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- i. Measurement of defined benefit obligations
- ii. Recognition of deferred tax asset/Liability- Note 19
- iii. Fair Value Measurement of financial Instruments - Note 38 & 39
- iv. Recognition of subsidy income - Note 25.1
- v. Provision for doubtful trade receivables

### 2.5. Current versus non-current classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

- i. the asset/liability is expected to be realized/settled in the group's normal operating cycle;
- ii. the asset is intended for sale or consumption;
- iii. the asset/liability is held primarily for the purpose of trading;
- iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- vi. in the case of a liability, the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

For the purpose of current/non-current classification of assets and liabilities, the group has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

## 2.6. Property, plant and equipment

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

## 2.6. Property, plant and equipment

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

"All repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis under the straight-line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the following exception:

- Continuous Process Plants' are depreciated for 37 years based on the technical evaluation of useful life done by the management

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

## 2.7. Intangible assets

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Trademarks and Services: 10 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

## 2.8. Impairment of non-financial assets

Assessment for impairment is done at each Balance Sheet date for any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date for any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, in which case, a reversal of an impairment loss for an asset is recognised in the Statement of Profit and Loss account.

**2.9. Inventories**

Inventories are valued at the lower of cost and net realisable value. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs for different categories of materials are as follows:

- ▶ Raw materials and Traded Products: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- ▶ Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs."

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Net realisable value in the case of Urea –

- ▶ the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and
- ▶ the net sale price in respect of finished goods lying in the warehouses outside the factory."

Work-in-process, raw materials, stores, spares, packing material and loose tools are valued at weighted average cost, less provision for depletion in value, if any.

**2.10. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management."

**2.11. Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial assets****Initial recognition**

On initial recognition, financial assets are recognised at fair value. Transaction cost that are directly attributable acquisition of financial assets that are not at fair value through profit and loss(FVTPL) are added to fair value on initial recognition."

**Subsequent measurement**

Financial assets which are debt instruments are subsequently measured on the following basis, depending on their classification

- ▶ amortized cost
- ▶ fair value through profit and loss (FVTPL)
- ▶ fair value through other comprehensive income (FVTOCI)"

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

**When financial assets are Equity Instruments:**

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income (OCI) subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI. "

Fair value changes excluding dividends, on an equity instrument measured at FVTOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

**De-recognition:**

The Company derecognizes a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the financial asset at the transfer qualifies for de-recognition under IND AS 109. "



#### **Trade Receivables and Loans:**

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument."

#### **Impairment:**

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category. "

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

#### **Financial liabilities**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost, net of directly attributable transaction costs.

#### **Subsequent measurement:**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

#### **Derecognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires."

### **2.12. Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate risk of changes in exchange rates on foreign currency exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any gains or losses arising from re-measurement are dealt in Statement of Profit and Loss.

This category has derivative financial assets or liabilities which are not designated as hedges. Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS109, Financial Instruments and hence categorized as financial assets or liability at fair value through profit or loss.

### **2.13. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2.14. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability”

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 2.15. Provisions, contingent liabilities and contingent assets:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised. They are disclosed only when an inflow of economic benefit is probable from such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

## 2.16. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue is inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, Goods and Service Tax and amounts collected on behalf third parties.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

The specific recognition criteria described below must also be met before revenue is recognised.

### **Sale of Goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In case of goods which are shipped subject to installation and inspection, revenue is normally recognized when the buyer accepts delivery, and installation and inspection are complete.

### **Subsidy:**

Group Concession Price under Group Concession Scheme (GCS) and Equated Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee, with adjustments for escalation / de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with known policy parameters in this regard."

### **Rendering of services:**

Revenue from sale of services is recognised as per the terms of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably."

### **Interest income:**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable using effective interest method ."

### **Dividends:**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend."

## **2.17. Employee benefits**

### **Gratuity:**

In accordance with the Payment of Gratuity Act, 1972 the Company provides gratuity as a defined benefit plan, to eligible Employees. Liability with regard to gratuity is determined by an independent actuary at every Balance Sheet date using the projected unit credit method."

The Company recognizes the net obligation of a defined benefit plan in the Balance Sheet as asset or liability. Gains or losses on re-measurements are recognized in Other Comprehensive Income (OCI). Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit and Loss.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss.

### **Superannuation fund and provident fund**

Superannuation and Provident Fund are in the nature of defined contribution plans.

The Company makes monthly contribution to approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond monthly contribution. The obligations under the said policy are accounted for on accrual."

The Company makes monthly contribution to the Provident Fund scheme and recognizes it as an expense, in the year in which employee renders the related service. The Company's Contribution towards Provident Fund is administered and managed by an approved trust. The Company has no obligation, other than the contribution payable to the Fund.

### **Compensated absences**

Liability for compensated absence is treated as a long term liability and is covered by a policy with Life Insurance Corporation ('LIC'). The estimated liability at each Balance Sheet date is determined by an independent actuary using the projected unit credit method and is recognised in the accounts accordingly."

## **2.18. Taxes**

### **Current income tax**

Income tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or Other Comprehensive Income (OCI), in which case the tax is also recognized in equity or Other Comprehensive Income (OCI)."

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax asset/liability is measured at the amount expected to be recovered from or paid to the taxation authorities.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date."

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent there is no longer probable that the related tax benefit will be realized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **2.19. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

In the case of a loan or assistance provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The Grant is initially recognised and measured at fair value and subsequently measured in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments (financial liabilities). The government grant is measured as the difference between the initial carrying value of the loan and the proceeds received and recognised as income on a systematic basis over the periods the related costs, for which it is intended to compensate, are expensed.

### **2.20. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term. Accordingly, the Company's leasing arrangements, are mostly in the nature of operating lease for premises, and are cancellable / renewable by mutual consent. The rentals there under are recognised in the Statement of Profit and Loss.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

### **2.21. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset in the period in which they are incurred, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Interest earned on temporary investments out of specific borrowings made for qualifying assets is deducted from the borrowing costs eligible for capitalisation to those assets.

## 2.22. Research and development costs

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure during research period is charged to Statement of Profit and Loss in the year in which it is incurred.

## 2.23. Foreign currency transactions

The Company's Financial Statements are presented in Rupees, which is its functional currency, which is also the parent company's functional currency. For each entity, the group determines its functional currency and item included in the Financial Statements is measured using their functional currency.

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### Measurement of foreign currency items at reporting date:

Foreign currency denominated monetary assets and liabilities remaining unsettled at the end of the year are translated into functional currency at exchange rates prevailing at the Balance Sheet date. Exchange differences arising on translation of monetary items are recognised in Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated using exchange rate prevalent on the date of transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

## 2.24. Earnings per share

Basic earnings per equity share, is computed by dividing the net profit for the year attributable to the Equity Shareholders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

## 2.25. Investments

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

## 2.26. Exceptional Items

Exceptional items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.



### 3A. Property, Plant and Equipment:

Particulars	Gross Block (At Cost)				Depreciation				Net Block		
	As At 31st March, 2018	Additions during the year	Deductions / Adjustments during the year	As At 31st March, 2019	Upto March 31, 2018	For the year	Deductions / Adjustments during the year	Impairment for the year	Upto March 31, 2019	As At 31st March, 2019	As At 31st March, 2018
Tangible Assets											
Land	1,16,027.76	-	-	1,16,027.76	-	-	-	-	-	1,16,027.76	1,16,027.76
Buildings	12,873.46	-	-	12,873.46	2,284.34	762.43	-	-	3,046.77	9,826.69	10,589.12
Plant & Equipments	1,50,724.13	881.74	402.23	1,51,203.64	22,107.57	7,363.18	83.10	467.72	29,855.37	1,21,348.27	1,28,616.56
Furniture, Fixtures & Office Equipment	1,613.41	31.70	7.08	1,638.03	710.74	230.68	4.53	41.31	978.20	659.83	902.67
Vehicles	197.75	-	42.32	155.43	108.61	24.32	28.32	1.83	106.44	48.99	89.14
Roads, Drains & Culverts	132.14	-	-	132.14	33.13	11.01	-	-	44.14	88.00	99.01
Railway Siding	46.63	-	-	46.63	-	-	-	-	-	46.63	46.63
Total	2,81,615.28	913.44	451.63	2,82,077.09	25,244.39	8,391.62	115.95	510.86	34,030.92	2,48,046.17	2,56,370.89
Previous Year	2,80,420.92	1,445.16	250.80	2,81,615.28	16,628.63	8,436.70	43.64	222.70	25,244.39	2,56,370.89	2,63,792.29

3A.1. Additions to Land during the year represents enhanced compensation paid for land at Kakinada ₹ Nil Lakhs (Previous Year ₹ 32.40 Lakhs).

### 3A.2. Land & Buildings

- |    |   |
|----|---|
| a) | Includes 5 acres which is located at Wargal village, the possession of which is yet to be taken, title of seller being under dispute.   |
| b) | Excludes value of 33.35 acres which is located at Kakinada Plant site, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained, and hence pending registration of title in the name of the Company. |
| c) | Excludes value of 14.06 acres located at Kakinada Plant site, pending completion of alienation and handing over of possession to the Company by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.   |
| d) | Includes value of 340.11 acres (104 cases) located at Nellore in possession of the Company pending registration.  |

3A.3. Refer Note 16.1 to 16.3 for details of assets pledged with lenders.

# Notes forming part of the consolidated financial statements for the year ended March 31, 2019

## 3B. Capital Work-In-Progress

₹ in Lakhs

Particulars	Gross Block (At Cost)				Impairment				Net Block		
	As at March 31, 2018	Additions during the year	Transfer to Tangible asset / Disposals / Deductions	As at March 31, 2019	Upto March 31, 2018	For the year	Deductions / Adjustments during the year	Impairment for the year	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
Capital Work In Progress	2,212.95	1,494.81	913.45	2,794.31	-	-	-		-	2,794.31	2,212.95
Total	2,212.95	1,494.81	913.45	2,794.31	-	-	-		-	2,794.31	2,212.95
Previous year	809.58	2,848.52	1,445.15	2,212.95	-	-	-		-	2,212.95	809.58

## 4. Other Intangible Assets

Particulars	Gross Block (At Cost)				Amortisation				Net Block		
	As at March 31, 2018	Additions during the year	Deductions / Adjustments during the year	As at March 31, 2019	Upto March 31, 2018	For the year	Deductions / Adjustments during the year	Impairment for the year	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
Trade Marks & Services	2,948.40	-	-	2,948.40	1,474.20	491.40	-	982.80	2,948.40	-	1,474.20
Total	2,948.40	-	-	2,948.40	1,474.20	491.40	-	982.80	2,948.40	-	1,474.20
Previous year	2,948.40	-	-	2,948.40	982.80	491.40	-	-	1,474.20	1,474.20	1,965.60

# Notes forming part of the consolidated financial statements for the year ended March 31, 2019

## 5. Investments - Unquoted (At Cost):

₹ in Lakhs

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>In Equity Shares</b>				
<b>In Associates</b>				
Nagarjuna Agricultural Research and Development Institute - ₹ 10/- each fully paid up	25,020	2.50	25,020	2.50
KVK Raju International Leadership Academy - ₹ 10/- each fully paid up	1,50,000	15.00	1,50,000	15.00
<b>Total - (A)</b>		17.50		17.50
Less: Provision for diminution		17.50		17.50
		-		-
Aggregate amount of Quoted Investments		-		-
Aggregate amount of Un-Quoted Investments		17.50		17.50
Aggregate amount of impairment in value of Investments		17.50		17.50

## 6. Loans:

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
<b>Loans (Unsecured, considered good)</b>				
Security Deposits	564.12	966.07	3,779.75	3,309.16
Security Deposit with KIADB	54.38	54.38	-	-
Deposit with KIADB - Land	1,759.47	1,759.47	-	-
Loans and advances to related parties	-	1,778.38	-	-
<b>Loans (Unsecured, credit impaired)</b>				
Security Deposits	15.00	15.00	-	-
Loans and advances to related parties *	-	-	1,885.95	-
Loans to Employees	-	-	3.41	3.41
	2,392.97	4,573.30	5,669.11	3,312.57
Less: Provision for Doubtful advances	15.00	15.00	1,889.36	3.41
<b>Total</b>	<b>2,377.97</b>	<b>4,558.30</b>	<b>3,779.75</b>	<b>3,309.16</b>

\*Cease to be a Related party w.e.f. 19.01.2019

The Company as filed a petition u/s 7 of the IBC Code 2016 for recovery, and hence the amount is provided (refer note no 34)

## 7. Other Financial Assets

Particulars	Non Current		Current	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
Margin money deposits with more than 12 months of original maturity	1.03	36.92	-	-
Bank deposits with more than 12 months maturity	12.63	12.87	-	-
Interest Accrued on Deposits and advances	-	-	248.44	640.28
Unbilled Revenue	-	-	437.63	-
Claims receivable	-	-	14.94	123.86
<b>Total</b>	<b>13.66</b>	<b>49.79</b>	<b>701.01</b>	<b>764.14</b>

## 8. Current Tax Assets (Net)

	31st March, 2019	31st March, 2018
<b>Current tax Assets</b>		
Advance Income Tax	993.75	1,004.05
<b>Current tax liabilities</b>		
Provision for Income tax	48.44	339.45
<b>Total (net)</b>	<b>945.31</b>	<b>664.60</b>

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

## 9. Other Assets:

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
<b>Capital Advances</b>				
Secured (considered good)	50.00	186.06	-	-
Unsecured (considered good)	22.92	53.57	-	-
Unsecured (considered doubtful)	-	-	-	-
	72.92	239.63	-	-
Less: Provision for Doubtful advances	-	-	-	-
<b>Total - (A)</b>	<b>72.92</b>	<b>239.63</b>	<b>-</b>	<b>-</b>
Advance Recoverable in Cash or in Kind				
- Unsecured (considered good)	-	-	5,744.29	6,133.51
- Unsecured (considered doubtful)	-	-	362.11	362.11
	-	-	6,106.40	6,495.62
Less: Provision for Doubtful advances	-	-	362.11	362.11
<b>Total - (B)</b>	<b>-</b>	<b>-</b>	<b>5,744.29</b>	<b>6,133.51</b>
Prepaid Expenses	13.19	16.57	219.90	1,499.76
Gratuity fund - excess of plan assets over liability	-	-	55.62	360.37
Balance with Customs Authorities	-	-	22.51	22.51
<b>Total - (C)</b>	<b>13.19</b>	<b>16.57</b>	<b>298.03</b>	<b>1,882.64</b>
<b>Total - (A+B+C)</b>	<b>86.11</b>	<b>256.20</b>	<b>6,042.32</b>	<b>8,016.15</b>

## 10. Inventories:

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
Raw materials	490.24	858.49
Work in process	188.87	57.07
Finished Goods - Manufactured goods	3,478.95	5,273.79
Stock In Transit - Manufactured goods	689.66	2,282.72
Traded goods	2,810.69	3,082.87
Stock In Transit - Traded goods	11.36	31.58
Packing materials	382.04	433.45
Stores and Spares	2,217.17	2,499.65
Loose tools	7.54	7.29
<b>Total</b>	<b>10,276.52</b>	<b>14,526.91</b>

## 11. Trade Receivables: (Unsecured) (Refer Note 11.1)

Particulars	March 31, 2019	March 31, 2018
Debts outstanding		
Considered good	81,274.14	1,67,727.79
Which have significant increase in Credit Risk	2,125.33	2,865.35
Credit Impaired	2,868.43	1,796.12
	86,267.90	1,72,389.25
Less: Provision for doubtful debts	3,117.67	2,598.94
<b>Total</b>	<b>83,150.23</b>	<b>1,69,790.31</b>

11.1. Includes subsidy and other dues ₹ 62346.25 Lakhs (Previous Year ₹ 1,39,243.37 Lakhs) from Government of India and ₹13,787.29 Lakhs (Previous Year ₹ 13,136.42 Lakhs) from State Governments..

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

## 12. Cash and Cash Equivalents :

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>Balances with Banks</b>		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	278.55	513.40
Others	4,657.81	54.00
Cheques, drafts on hand	300.09	736.32
Cash on hand	385.21	21.21
<b>Total</b>	<b>5,621.66</b>	<b>1,324.93</b>

## 13. Other Bank Balances

Particulars	March 31, 2019	March 31, 2018
<b>Earmarked balances with Banks in Deposit Accounts</b>		
Margin Money Deposits	9,014.55	5,874.50
<b>Total</b>	<b>9,014.55</b>	<b>5,874.50</b>

## 14. Share Capital:

₹ in Lakhs

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of ₹ 1/- each	1,80,00,00,000	18,000.00	1,80,00,00,000	18,000.00
<b>Total</b>		<b>80,100.00</b>		<b>80,100.00</b>
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹ 1/- each	59,80,65,003	5,980.65	59,80,65,003	5,980.65

## 14.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Equity Shares of ₹ 1/- each</b>				
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Balance at the end of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65

## 14.2. Rights, Preferences and Restrictions attached to equity shares

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

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

## 14.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2019		March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity Shares of ₹ 1/- each</b>				
Amlika Mercantile Private Limited	29,60,72,140	49.51	29,60,72,140	49.51
Zuari Agro Chemicals Limited	3,22,67,741	5.40	3,22,67,741	5.40



## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

## 14.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of ₹ 1/- each (aggregating to ₹ 5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

## 15. Other Equity:

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>Capital Reserve</b>		
Opening Balance	51,853.85	51,853.85
Add: Reversal of capital reserve on account of consolidation	-	-
Closing Balance	51,853.85	51,853.85

₹ in Lakhs

<b>Securities Premium</b>		
Opening Balance	109,619.35	109,619.35
Add: On allotments during the year	-	-
Closing Balance	109,619.35	109,619.35
<b>Debenture Redemption Reserve</b>		
Opening Balance	-	2,087.99
Less: Transfer to General Reserve	-	2,087.99
Closing Balance	-	-
<b>General Reserve</b>		
Opening Balance	13,382.57	11,294.58
Add: Transfer from Debenture Redemption Reserve	-	2,087.99
Closing Balance	13,382.57	13,382.57
<b>Retained Earnings</b>		
Opening Balance	(73,514.38)	(71,601.95)
Add: Loss after tax for the year	(48,623.54)	(2,153.73)
Adjustment on account of consolidation	-	-
Items of other comprehensive income directly recognised in retained earnings		
- Remeasurement of post employment benefit obligations, net of tax	8.44	241.30
Closing Balance	(1,22,129.48)	(73,514.38)
Non-Controlling Interest	2.82	2.82
<b>Total</b>	<b>52,729.10</b>	<b>1,01,344.21</b>

## Nature and purpose of reserves

- Capital Reserve: During the composite scheme of arrangement and amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.
- Securities Premium: The difference between the fair value of equity shares and face value of equity shares, pursuant to the Composite Scheme of arrangement and amalgamation is considered as Securities Premium.
- Debenture Redemption Reserve: This reserve was created for redemption of non-convertible debentures.
- General Reserve: Comprises the amounts specifically transferred from the profits earned by the Company for respective years.
- Retained Earnings: Retained earnings are the post tax profits/losses that the Company has retained in its books after transfers to general reserve, dividends or other distributions paid to shareholders, if any.

## 16. Borrowings:

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Term Loans (Secured)</b>				
From Banks (Refer Note 16.2)	-	36,018.75	36,016.99	13,087.92
From Others (Refer Note 16.3)	39.50	128.93	87.71	160.00

<b>Corporate Loan (Secured)</b>				
From Banks (Refer Note 16.4)	-	1,198.61	1,198.24	1,500.00
<b>Deferred Payment Liabilities (Unsecured) (Refer Note 16.4)</b>				
Sales tax Deferral	3,226.52	3,478.45	610.32	732.24
<b>Total</b>	<b>3,266.02</b>	<b>40,824.74</b>	<b>37,913.26</b>	<b>15,480.16</b>
<b>The above amount includes:</b>				
Secured Borrowings	39.50	37,346.29	37,302.94	14,747.92
Unsecured Borrowings	3,226.52	3,478.45	610.32	732.24
Amount disclosed under the head	-	-	(37,913.26)	(15,480.16)
Other Financial Liabilities (Refer Note 23)				
	<b>3,266.02</b>	<b>40,824.74</b>	-	-

**16.1 Working Capital Term Loan: In Rupees from Banks**

16.1.1. Working Capital Term loans from banks together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future ranking pari-passu, inter se, those lenders other than those mentioned in Note 16.2 and 16.3. Charge created through an equitable mortgage by deposit of title deeds of immovable property(except some land parcel) of the Company.
- a first charge on the current assets of the Company ranking pari-passu, inter se, the lenders.
- Pledge, on pari passu basis, a portion of their shares in the company by it's core promoters.

16.1.2. Also personally guaranteed by Shri K.S.Raju and Shri K Rahul Raju.

16.1.3. The details of rate of interest and repayment of above Working Capital Term Loans are as follows:

₹ in Lakhs

S. No.	Bank	Rate of Interest %	Balance as on March 31, 2019	Repayment Schedule		
				Number of Instalments	Frequency	Commencing from
a)	IDBI Bank Limited	BBR +3.00	21,800.00	23	Quarterly	Jul-16
b)	State Bank of India	BBR +3.40	16,648.24	23	Quarterly	Jul-16
c)	ICICI Bank Limited	I-MCLR+4.35	5,460.00	23	Quarterly	Jul-16
d)	UCO Bank	SBI Base rate + 4.50	1,007.50	23	Quarterly	Jul-17
	<b>Total</b>		<b>44,915.74</b>			

16.1.4. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2019		March 31, 2018	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
IDBI Bank Limited	0-274 days	5,100.00	-	-
State Bank of India	0-274 days	3,330.00	-	-
ICICI Bank Limited	0-90 days	420.00	-	-
UCO Bank	0-91 days	48.75	-	-
<b>Interest</b>				
IDBI Bank Limited	0-274 days	2,658.49	-	-
State Bank of India	0-274 days	2,191.79	-	-
ICICI Bank Limited	0-152 days	378.86	-	-
UCO Bank	0-60 days	32.11	-	-

**16.2. Term Loans – In Rupees from Others:**

16.2.1. The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

## 16.2.2. Details of rate of interest and repayment are as under.

Name	Rate of Interest %	Balance as on March 31, 2019	Repayment Schedule
Department of Bio Technology	2	216.00	10 Semi annual Instalments commencing from October 31, 2014
Department of Bio Technology	2	16.00	10 Semi annual Instalments commencing from June 30, 2014
Department of Bio Technology	2	63.06	10 Semi annual Instalments commencing from Oct 18, 2018

## 16.2.3. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2019		March 31, 2018	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
Department of Bio Technology	0-305 days	167.85	-	-
<b>Interest</b>				
Department of Bio Technology	0-305 days	3.84	-	-

## 16.3 Corporate Loan:

16.3.1 Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking paripassu with other banks in the consortium and collateral security on the Company's immoveable properties ranking pari-passu with working capital lenders. This loan is personally guaranteed by Shri K.S.Raju.

## 16.3.2. Details of rate of interest and repayment are as under.

Bank / Institution	Rate of Interest %	Balance as on March 31, 2019	Repayment Schedule		
			Number of Instalments	Frequency	Commencing from
State Bank of India	BBR +4.40	2,398.24	20	Quarterly	Dec-14

## 16.3.3. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2019		March 31, 2018	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
State Bank of India	0-274 days	1,200.00	-	-
<b>Interest</b>				
State Bank of India	0-274 days	311.42	-	-

## 16.4 Sales Tax Deferral:

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2019 is ₹ 5,637.47 Lakhs (Previous Year ₹ 6,440.75 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012.

The Company has defaulted in payment of installment of ₹ 632.24 Lakhs for a period of 12 days as at the year end.

## 17. Other Financial Liabilities (Non-current):

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
Deposits from dealers	7,561.46	7,543.89
Other Deposits - (Retention, EMD etc.)	291.40	270.72
<b>Total</b>	<b>7,852.86</b>	<b>7,814.61</b>

## 18. Provisions:

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provision for employee benefits (Refer Note 30.1) - for Leave Benefit (net of plan assets)	435.52	530.10	553.92	325.33
<b>Total</b>	<b>435.52</b>	<b>530.10</b>	<b>553.92</b>	<b>325.33</b>

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

**19. Deferred Tax Liabilities (Net):**

Deferred Tax Liability as at year end comprises the following:

Particulars	Nature	March 31, 2019	March 31, 2018
<b>On account of -</b>			
Depreciation / amortization	Liability	41,961.25	44,750.61
Land	Liability	2,968.28	2,984.03
Employee benefit provision	Asset	345.75	298.92
Unabsorbed Loss and Depreciation under tax laws	Asset	10,252.09	9,497.87
Disallowances u/s 43B of Income Tax Act	Asset	-	-
Government grant	Asset	193.45	187.63
<b>Total</b>	<b>Net Liability</b>	<b>34,138.24</b>	<b>37,750.22</b>
Charge / (Credit) for the year		<b>(3,611.98)</b>	

**20. Government Grants:**

Particulars	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Government Grant related to</b>				
- Sales tax deferral	1,374.66	1,718.33	343.67	343.67
- Loan from DBT	14.86	19.10	4.24	4.24
<b>Total</b>	<b>1,389.52</b>	<b>1,737.43</b>	<b>347.91</b>	<b>347.91</b>

**21. Borrowings:**

₹ in Lakhs

Particulars	Current	
	March 31, 2019	March 31, 2018
<b>Loans repayable on demand</b>		
<b>Secured (Refer Note 21.1)</b>		
From Banks		
Cash Credit	1,17,007.70	1,03,033.23
Short Term Loan	7,121.62	1,483.47
Interest Accrued - CC Accounts	5,387.23	-
<b>Total</b>	<b>1,29,516.55</b>	<b>1,04,516.70</b>

21.1. Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares), present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are personally guaranteed by Shri K.S.Raju and personal guarantee of Shri. K Rahul Raju to some of the banks.

**22. Trade Payables:**

₹ in Lakhs

Particulars	Mar 31, 2019	March 31, 2018
<b>Trade Payables - Other than Acceptances</b>		
(A) Micro, Small, Medium Enterprises (MSMEs)	201.07	-
(B) Other than MSMEs	74,459.84	1,46,274.62
	<b>74,660.91</b>	<b>1,46,274.62</b>

22.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

Particulars	March 31, 2019	March 31, 2018
A. Principal amount remaining unpaid	201.07	-
B. Interest due thereon	14.79	Nil
C. Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

D. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	27.00	Nil
E. Interest accrued and remaining unpaid	41.79	Nil
F. Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

**23. Other Financial Liabilities (Current):**

Particulars	March 31, 2019	March 31, 2018
<b>Financial Liabilities at Fair value through Profit or loss</b>		
Derivative Liability - Foreign exchange forward contracts	-	6.02
<b>Financial Liabilities at amortised cost</b>		
Current maturities of long term debt (Refer Note 16)	37,913.27	15,480.16
Interest accrued but not due	30.09	16.11
Interest accrued and due	5,576.51	686.90
Unclaimed Dividends (Refer Note 23.1)	278.55	513.40
Overdue Term Loans (Refer Note 16)	10,266.60	-
Overdue Deferred Payment Liabilities (Refer Note 16.4)	632.24	338.28
<b>Other payables</b>		
Deposits	209.51	201.78
Others	3,505.06	1,551.08
Payable on purchase of fixed assets	2,209.70	1,136.88
	<b>60,621.53</b>	<b>19,930.61</b>

23.1. There are no amounts due for remittance to the Investor Education Protection Fund as at the Balance Sheet date.

**24. Other Current Liabilities:**

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>Other payables</b>		
Statutory Payables	1,356.84	1,815.90
<b>Total</b>	<b>1,356.84</b>	<b>1,815.90</b>

**25. Revenue from Operations:**

₹ in Lakhs

Particulars	2018-19	2017-18
<b>Sales, including Subsidy on products</b>		
<b>Manufactured goods</b>		
Urea (Refer Note 25.1) *	1,40,807.69	3,02,813.40
Customised Fertilizers	2,356.48	2,989.42
Extruded Irrigation systems	17,675.60	21,216.19
<b>Total - A</b>	<b>1,60,839.77</b>	<b>3,27,019.01</b>
<b>Traded goods</b>		
Pool Urea \$	17,593.56	36,207.94
Specialty Fertilizers	7,090.48	13,865.00
Others #	5,594.29	13,475.64
<b>Total - B</b>	<b>30,278.33</b>	<b>63,548.58</b>
<b>Sale of Products</b>	<b>1,91,118.10</b>	<b>3,90,567.59</b>
<b>Sale of Services</b>	<b>2,819.91</b>	<b>1,687.45</b>
<b>Other Operating revenues (sale of scrap, etc.)</b>	<b>96.75</b>	<b>112.59</b>
<b>Total</b>	<b>1,94,034.76</b>	<b>3,92,367.63</b>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

\* including Government Subsidy ₹ 1,07,445.35 Lakhs (Previous Year ₹ 2,16,381.12 Lakhs)

\$ including reimbursements from Government ₹ 4709.37 Lakhs (Previous Year ₹ 10,319.64 Lakhs)

# including Government Subsidy ₹ Nil Lakhs (Previous Year ₹ 62.64 Lakhs)

### 25.1. Group Concession Scheme – (GCS) Subsidy

- i. "Nitrogenous fertilizers (Urea) are under the Group Concession Subsidy Scheme of Government of India (GOI), Department of Fertilizers. GOI has notified New Urea Policy (NUP) -2015 and Gas Pooling Policy applicable to Fertilizer industry effective from June 1, 2015. Concession rates for Plant-1 and Plant-2 for the period April 1, 2018 to March 31, 2019 have been recognized based on notified rates as per respective policies.

Income towards reimbursement claims towards additional fixed cost ₹ 2,074.57 Lakhs (Previous Year ₹ 4,181.10 Lakhs), Input de-escalation ₹ 982.03 Lakhs (Previous year escalation ₹ 17,568.14 Lakhs), and for production beyond reassessed capacity ₹ Nil Lakhs (Previous year ₹ 8,943.10 Lakhs) have been accounted for during the year as per the prices and provisions applicable under NPS III, Modified NPS-III and NUP 2015 based on the Prescribed Norms and Management estimates.

Adjustments, if any, required will be considered on notification of final prices.

- ii. Government of India / Department of Fertilizers has implemented Direct Benefit Transfer (DBT) in Fertilizer Sector in all the States of the Country from 1st, March, 2018. The Subsidy income for the period April 2018 to March 31, 2019, has been recognized in the accounts for the entire quantities received in the States under DBT scheme.

### 26. Other Income:

₹ in Lakhs

Particulars	2018-19	2017-18
Interest on Bank Deposits and others	677.06	862.62
Government grants	347.91	347.91
Other non-operating income	1,622.82	3,287.65
<b>Total</b>	<b>2,647.79</b>	<b>4,498.18</b>

### 27. Cost of Materials consumed:

₹ in Lakhs

Particulars	2018-19	2017-18
Natural Gas	59,280.99	1,22,022.33
Plastic Granules	6,073.41	6,142.11
PVC resin	1,336.53	1,857.25
Others	2,090.30	2,717.31
Packing Material	2,160.89	5,406.65
<b>Total</b>	<b>70,942.12</b>	<b>1,38,145.65</b>

### 28. Purchase of Stock-in-Trade:

₹ in Lakhs

Particulars	2018-19	2017-18
Pool Urea	13,858.43	21,738.69
Specialty Fertilizers	4,572.89	8,539.55
Packing Material	911.58	1,592.10
Others	6,512.70	13,983.89
<b>Total</b>	<b>25,855.60</b>	<b>45,854.23</b>

### 29. Changes in inventories of finished goods, stock-in-trade and work in progress:

₹ in Lakhs

Particulars	2018-19	2017-18
<b>Inventories at the beginning of the year</b>		
Traded goods	3,114.44	7,957.55
Finished Goods	7,556.52	9,256.59
Work in Process	57.07	118.56
<b>Total - (A)</b>	<b>10,728.03</b>	<b>17,332.70</b>

<b>Inventories at the end of the year</b>		
Traded goods	2,822.05	3,114.44
Finished Goods	4,168.61	7,556.52
Work in Process	188.87	57.07
<b>Total - (B)</b>	<b>7,179.53</b>	<b>10,728.03</b>
<b>Total - (A-B)</b>	<b>3,548.50</b>	<b>6,604.67</b>

**30. Employee Benefits Expense:**

₹ in Lakhs

Particulars	2018-19	2017-18
Salaries and Wages	13,828.55	15,348.88
Contribution to Provident and Other Funds	907.45	924.98
Staff Welfare Expenses	1,008.92	1,078.34
<b>Total</b>	<b>15,744.92</b>	<b>17,352.20</b>

**31. Finance cost:**

₹ in Lakhs

Particulars	2018-19	2017-18
Interest	27,465.68	25,593.10
Other borrowing costs		
LC Charges	541.85	1,802.89
Others	2,791.95	3,206.69
Interest on shortfall in payment of Advance Tax	-	218.32
<b>Total</b>	<b>30,799.48</b>	<b>30,821.00</b>

**32. Depreciation and amortization expense**

Particulars	2018-19	2017-18
Depreciation of property, plant and equipment	8,391.62	8,436.70
Amortisation of intangible assets	491.40	491.40
<b>Total</b>	<b>8,883.02</b>	<b>8,928.10</b>

**33. Other Expenses:**

₹ in Lakhs

Particulars	2018-19	2017-18
Catalysts charge	170.07	-
Chemicals and consumables	630.19	1,094.88
Conversion Charges	156.07	194.24
Rent	840.32	852.50
Rates and Taxes	217.45	419.30
Electricity and Water	188.24	201.43
Stores and Spares Consumed	594.12	636.88
Repairs and Maintenance		
Buildings	21.99	30.13
Plant and Machinery	717.70	465.62
Others	667.88	864.16
Insurance	409.31	498.15
Printing and Stationery	97.70	114.03
Postage, Telephone and Telex	158.94	205.48
Travelling and Conveyance	1,273.50	1,494.85
Advertisement and Publicity	1,482.87	1,326.63
Employee Recruitment and Training	60.80	132.62
Legal, Secretarial and Share Registry	663.75	754.08

Professional and Consultancy	756.55	936.78
Directors Sitting Fees	10.95	12.35
Loss on Sale of Assets / Assets discarded	-	198.50
Investments written off	311.22	-
Auditors' remuneration	101.58	109.84
Corporate Social Responsibility Expenditure (Refer Note 33.1)	33.10	69.00
Transport and Handling	15,272.80	36,487.09
Distribution	1,110.68	882.78
Sales Commission / discounts / rebates	1,859.23	1,291.79
Bad Debts / Advances written off	7.28	268.41
Provision for doubtful debts / advances	518.72	762.60
Provision for diminution in value of Investments	450.00	-
Impairment of assets	1,493.67	222.70
Loss on foreign currency transactions	155.30	22.31
Miscellaneous	1,286.41	795.98
<b>Total</b>	<b>31,718.39</b>	<b>51,345.11</b>

**33.1 Details of Corporate Social Responsibility Expenditures**

Particulars	March 31, 2019	March 31, 2018
a) Gross amount required to be spent by the Company during the year	-	-
b) Amount spent by the Company during the year	33.10	69.00
c) c) Amount spent by the company represents contribution to Nagarjuna Foundation, a not-for-profit company incorporated under Section 25 of the Companies Act, 1956 (section 8 of the Companies Act, 2013). The foundation undertakes CSR activities in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports etc.,		

**34. Exceptional items:**

Particulars	2018-19	2017-18
Provision for doubtful advances	1,885.95	-
<b>Total</b>	<b>1,885.95</b>	<b>-</b>

The Company gave periodical advances to M/s Nagarjuna Oil Refinery Ltd., (NORL) from April 1, 2011 to November 30, 2018 pursuant to the Composite Scheme of Arrangement and Amalgamation approved by the High Courts of Mumbai and Andhra Pradesh. In view of the value of investment in NORL becoming Zero and has no other source of generating revenue, the Company filed a petition in NCLT, Hyderabad Bench for recovery of the advances given. The NCLT bench of Hyderabad has appointed an Interim Resolution Professional on 9th April 2019 to oversee the resolution process. Since the net worth of NORL is negative, and the possibility for recovery for advances from NORL is remote, a provision is made for the entire amount of advance i.e., Rs1,885.95 lakhs pending finalisation of Resolution Process of NORL.

- 35.** The Company incurred losses during the current year and, earlier years on account of events which are exceptional and due to extraneous factors. In view of these losses, during the current year the company faced severe liquidity crisis and was unable to meet its statutory and other payments on time. The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy.

The company has taken up with its Lenders for a long-term financial resolution which is under process. The Company is working out to have an early resolution with its lenders to streamline its cash flows.

Considering the above facts, the financial statements for the year 2018-19 are drawn on a going concern basis.

**36. Taxes on Income****(a) Income tax expense:**

The major components of income tax expenses for the year ended March 31, 2018 and March 31, 2017 are as follows:

## (i) Profit or loss section

₹ in Lakhs

Particulars	2018-19	2017-18
Current tax expense	-	-
Tax expense relating to earlier years	-	56.91
Deferred tax	(3,616.46)	(559.09)
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>(3,616.46)</b>	<b>(502.18)</b>

## (ii) OCI Section

Particulars	2018-19	2017-18
Net (gain) on remeasurement of defined benefit plans	12.91	369.01
Income tax charged to OCI	(4.47)	(127.71)

## (b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018 :

Particulars	31-Mar-19	31-Mar-18
Accounting profit before income tax	(52,689.99)	(2,655.91)
At India's statutory income tax rate of 34.608% (March 31, 2018: 34.608%)	(18,411.99)	(919.16)
Adjustments in respect of current income tax of previous years	-	56.91
Current year losses for which we have not created deferred tax assets	13,519.08	0.60
<i>Non-deductible expenses for tax purposes:</i>		
Other non-deductible expenses	1,443.94	434.84
Deferred tax on land	15.75	(13.26)
Impact of rate difference on deferred tax	-	362.98
Intangible assets	-	-
<i>Deductible expenses for tax purposes:</i>		
Other Deductible expenses	(178.76)	(297.39)
<b>Income tax Expense</b>	<b>(3,611.97)</b>	<b>(374.47)</b>

The Company has unabsorbed losses and depreciation of ₹ 98,747.45 Lakhs (March 31, 2018: ₹ 57,901.91 Lakhs). Deferred tax assets in respect of unabsorbed depreciation and carried forward losses under the Tax Laws are recognised only if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets. The Company has not created deferred tax assets on unabsorbed business losses of ₹ 69,408.83 Lakhs (March 31, 2018 : ₹ 30,721.66 Lakhs).

Particulars	As at 1-Apr-17	Provided during the Year	As at 31-Mar-18	Provided during the Year	As at Mar 31, 2019
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation/ Amortisation)	49,554.51	(1,819.87)	47,734.64	(2,805.11)	44,929.53
<b>Total deferred tax liability (A)</b>	49,554.51	(1,819.87)	47,734.64	(2,805.11)	44,929.53
<b>Deferred tax assets:</b>					
Carry forward Business Loss / Unabsorbed Depreciation	9,793.71	(295.84)	9,497.87	754.22	10,252.09
Employee benefit provisions	290.09	8.83	298.92	46.83	345.75
43B Disallowances etc.	1,122.09	(1,122.09)	-	-	-
Others	167.02	20.61	187.63	5.83	193.46
Total deferred tax assets (B)	11,372.91	(1,388.49)	9,984.42	806.88	10,791.30
<b>Deferred Tax liability (Net) (A-B)</b>	38,181.60	(431.38)	37,750.22	(3,611.99)	34,138.23

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

**37. Contingent Liabilities and Commitments:****37.1. Contingent Liabilities not provided for:**

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>i) Claims against the Company not acknowledged as debt:</b>		
a) Tax matters in appeal:		
- Income Tax	344.46	308.15
- Other taxes	912.63	754.73
b) matters under arbitration (Refer Note 37.1.1)	13,851.70	13,410.49
c) Others	15,590.75	11,880.52
<b>ii) Other money for which the Company is contingently liable :</b>		
a) Counter guarantees given to Bankers in respect of Bank guarantees	1,437.77	1,721.97
b) Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained	-	-
<b>Total</b>	<b>32,137.31</b>	<b>28,075.86</b>

**37.1.1.(a)** “(a) In relation to some of the contracts for purchase of fertilisers, an international Arbitration Award has been passed against the Company in September 2016 for USD 1,43,98,188 and GBP 690,630 and interest as applicable apart from costs based on a claim filed by one of the Suppliers of Fertilizers to the Company.

The Company is of the view that the Award has been obtained based on documents tampered with and misrepresentations of facts by said supplier. The Company is contesting the enforcement of the Award in the Courts in India and has also filed a Criminal Complaint before the Metropolitan Magistrate of Hyderabad against the supplier and its officials.

(b) The Company entered into two Contracts dated December 15, 2012 on Early Works, Offshore and Onshore towards certain engineering drawings to be utilised towards its plant for third ammonia and urea project on conditions that balance amounts payable only upon (a) the announcement of a fertilizer policy and (b) that the fertilizer policy being found favorable for the Project of the Company. The Company could not proceed further as the policy was not conducive for the project.

The service provider raised invoices for the balance amounts claiming that the work carried out was per contract. As the amounts were not paid the service provider invoked arbitration. The arbitral Tribunal passed an award on October 23, 2017 for USD 877,500, EUR 455,000 and INR 221.39 Lakhs and interest as applicable apart from costs in favour of the claimant. NFCL challenged the Awards by filing two petitions separately for each case under section 34 of Arbitration & Conciliation Act as the tribunal ignored vital evidence such as Govt communication dt 9th May 2013 where in the industries we're asked not to proceed further without necessary approvals from Govt, amongst other grounds.

Based on the current legal progress, the management has provided for 25% of the claim made on the Offshore contract and amount deposited with the court in respect of Onshore contract. The Company continues to proceed legally and hence the balance claims have been disclosed as contingent liabilities as at March 31, 2019 in these financial statements.

**37.2. Commitments:**

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>37.2.1.</b> Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	<b>1,671.90</b>	2,840.90

**37.2.2.** In terms of the Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of ₹ 100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs.

**38. Related party transactions: (Disclosures as required by Ind AS 24 - Related Party Disclosures)****38.1. List of related parties and their relationships****Subsidiaries**

- (i) Jaiprakash Engineering and Steel Company Limited



**Associates**

- (i) Nagarjuna Agricultural Research and Development Institute Private Limited
- (ii) KVK Raju International Leadership Limited

**Key Management Personnel**

- (i) Mr.K.S.Raju, Chairman (Retired on 19.01.2019 and ceased to be a Related Party from this date)
- (ii) Mr. Uday Shankar Jha, Chairman wef 19.01.2019
- (iii) Mr. K.Rahul Raju, Managing Director
- (iv) Mr. Chandra Pal Singh Yadav, Nominee director of KRIBHCO
- (v) Dr. NCB Nath (Resigned on 03.12.2018 and ceased to be a Related Party)
- (vi) Mr. O Ramesh Babu, Nominee director of IFCL Ltd (with drawn with effect from 17.07.2018 and ceased to be a Related Party)
- (vii) Ms.Lalitha Raghuram
- (viii) Mr. C B Mouli
- (ix) Mr. Hari Haran Ramanathan (Retired capt), Independent Director ( Died on 13.11.2018 and ceased to be a Related Party)
- (x) Mr. Syed Shahabuddin, Nominee director of State Bank of India
- (xi) Mr.Chintapalli Srinivasu, Nominee director of IDBI Bank Ltd ( withdrawn wef 29.09.2018 and ceased to be a Related Party)
- (xii) Mr. VVS Ravindra, Nominee Director IDBI ( from 20.10.2018)
- (xiii) Mr. Ranga Raju ( Resigned on 27.05.2018 and ceased to be a Related Party)
- (xiv) Mr. Anil Kumar P R (Nominee Director withdrawn wef 16.04.2018 and ceased to be a Related Party)
- (xv) Mr. H . Muralidhar , CFO
- (xvi) Mr. K. Chandrasekhar Naidu, Company Secretary

**Relatives of Key Management Personnel.**

- (i) Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)

**Enterprises able to exercise significant influence**

- (i) Amlika Mercantile Private Limited

**Enterprises significantly influenced by Key Management personnel or their relatives**

- (i) NACL Industries Limited (formerly known as Nagarjuna Agrichem Limited)
- (ii) Nagarjuna Oil Refinery Limited (Chairman Resigned on 19.01.2019, hence ceased to be relative party)
- (iii) Nagarjuna Impex Private Limited
- (iv) Nagarjuna Foundation

**38.2. Related party transactions during the period ended March 31, 2019 are as under:**

₹ in Lakhs

Nature of transaction	Subsidiaries	Key Mgmt. Personnel	Relatives of Key Mgmt. Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Advances given</b>				
Nagarjuna Oil Refinery Limited	-	-	-	107.57
	-	-	-	(293.58)
<b>Rent paid</b>				
Shri K Rahul Raju	-	597.44	-	-
	-	(590.32)	-	-
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)	-	-	30.00	-
	-	-	(31.13)	-
Nagarjuna Impex Private Limited	-	-	-	21.00
	-	-	-	(21.79)

NACL Industries Limited	-	-	-	-
	-	-	-	(1.50)
<b>Corporate Social responsibility (Donation)</b>				
Nagarjuna Foundation	-	-	-	33.10
	-	-	-	(69.00)

**Note:** Figures in brackets represent previous year transactions.

### 38.3. Balances outstanding at the period end March 31, 2019.

₹ in Lakhs

Nature of transaction	Subsidiaries	Associates	Key Mgmt. Personnel	Relatives of Key Mgmt. Personnel	Enterprises significantly influenced by Key Management personnel or their relatives
<b>Loans and Advances</b>					
Nagarjuna Oil Refinery Limited					
- 31.03.2019	-	-	-	-	1,885.95
- 31.03.2018	-	-	-	-	(1,778.38)
<b>Investments</b>					
Jaiprakash Engineering and Steel Company Limited					
- 31.03.2019	2,256.17	-	-	-	-
- 31.03.2018	(2,256.17)	-	-	-	-
Nagarjuna Agricultural Research and Development Institute Private Limited					
- 31.03.2019	-	2.50	-	-	-
- 31.03.2018	-	(2.50)	-	-	-
KVK Raju International Leadership Limited					
- 31.03.2019	-	15.00	-	-	-
- 31.03.2018	-	(15.00)	-	-	-
Provision for diminution in the value of investment					
- 31.03.2019	910.00	17.50	-	-	-
- 31.03.2018	(460.00)	(17.50)	-	-	-
<b>Provision for Doubtful Advances</b>					
<b>Nagarjuna Oil Refinery Limited</b>					
- 31.03.2019	-	-	-	-	1,885.95
- 31.03.2018	-	-	-	-	-
<b>Rental and other deposits with</b>					
NACL Industries Limited					
- 31.03.2019	-	-	-	-	0.40
- 31.03.2018	-	-	-	-	(0.40)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)					
- 31.03.2019	-	-	-	85.00	-
- 31.03.2018	-	-	-	(85.00)	-
Nagarjuna Impex Private Limited					
- 31.03.2019	-	-	-	-	5.00
- 31.03.2018	-	-	-	-	(5.00)
Shri.K Rahul Raju					
- 31.03.2019	-	-	284.49	-	-
- 31.03.2018	-	-	(284.49)	-	-
<b>Trade Payables</b>					
Shri.K Rahul Raju					
- 31.03.2019	-	-	415.15	-	-
- 31.03.2018	-	-	(62.42)	-	-

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

Nagarjuna Impex Private Limited					
- 31.03.2019	-	-	-	-	15.12
- 31.03.2018	-	-	-	-	(1.89)
Smt. K Lakshmi Raju (Daughter of Shri K S Raju and Sister of Shri K Rahul Raju)					
- 31.03.2019	-	-	-	15.15	-
- 31.03.2018	-	-	-	-	-
<b>Other Current Financial Liabilities</b>					
Shri K S Raju					
- 31.03.2019	-	-	0.09	-	-
- 31.03.2018	-	-	(2.13)	-	-
Shri K Rahul Raju					
- 31.03.2019	-	-	11.70	-	-
- 31.03.2018	-	-	(7.03)	-	-

**Note:** Figures in brackets represent previous year transactions.

#### Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Company	March 31, 2019	March 31, 2018
(a) short-term employee benefits;	<b>106.79</b>	117.82
(b) post-employment benefits;	<b>17.19</b>	19.09
(c) Sitting fees to non-executive directors;	<b>10.95</b>	12.35
<b>Total compensation paid to key management personnel</b>	<b>134.93</b>	149.26

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

### 39. Segment Reporting

The financial results comprise the combined operations of the Company relating to the Fertilizer, Micro Irrigation, Agri Services and Wind Energy generation businesses. The financial results of Micro Irrigation, Wind Energy and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not they share any of the aggregation criteria, are neither disclosed as separate segments nor combined as "all other segments" for the purpose of disclosures under Ind AS 108 - Operating Segments.

#### Entity wide disclosures

##### Geographical information

₹ in Lakhs

Particulars	Revenue from external customers		Non-current assets*	
	Period Ended March 31, 2019	Year ended March 31, 2018	As at March 31, 2019	As at March 31, 2018
India	<b>1,92,335.93</b>	3,91,650.26	<b>2,50,926.59</b>	2,60,314.24
Outside India	<b>1,698.83</b>	717.37	-	-
<b>Total</b>	<b>1,94,034.76</b>	3,92,367.63	<b>2,50,926.59</b>	2,60,314.24

\* Non-current assets excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

#### Information about revenue from major customers which is included in revenue

Particular	Period Ended March 31, 2019	Year ended March 31, 2018
Subsidy claims on Government of India pursuant to its Fertilizer subsidy policies	<b>1,12,152.66</b>	2,26,763.40

Total	1,12,152.66	2,26,763.40
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**40. Fair Value****Category-wise classification of Financial Instruments**

₹ in Lakhs

Particulars	Refer Note	Non-current		Current	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Security deposits	6	564.12	966.07	3,779.75	3,309.16
Security Deposit with KIADB	6	54.38	54.38	-	-
Deposit with KIADB - Land	6	1,759.47	1,759.47	-	-
Loans and advances to related parties	6	-	1,778.38	-	-
Loans to employees	6	-	-	3.41	3.41
Non current margin money deposit	7	1.03	36.92	-	-
Bank deposits with more than 12 months maturity	7	12.63	12.87	-	-
Interest accrued on deposit and advances	7	-	-	248.44	640.28
Unbilled revenue	7	-	-	437.63	-
Claims receivable	7	-	-	14.94	123.86
Trade receivables	11	-	-	83,150.23	1,69,790.31
Cash and cash equivalents	12	-	-	5,621.66	1,324.93
Other Bank balances	13	-	-	9,014.55	5,874.50
<b>Financial liabilities measured at fair value through profit or loss</b>					
Foreign exchange forward contract	23	-	-	-	6.02
<b>Financial liabilities measured at amortised cost</b>					
Term loans from banks	16	-	36,018.75	<b>36,016.99</b>	13,087.92
Term loans from others	16	<b>39.50</b>	128.93	<b>87.71</b>	160.00
Corporate loan from banks	16	-	1,198.61	<b>1,198.24</b>	1,500.00
Deferred Payment Liabilities	16	<b>3,226.52</b>	3,478.45	<b>610.32</b>	732.24
Deposits from dealers	17	<b>7,561.46</b>	7,543.89	-	-
Other Deposits - (Retention, EMD etc.)	17	<b>291.40</b>	270.72	-	-
Loans repayable on demand - cash credit	21	-	-	<b>1,17,007.70</b>	1,03,033.23
Loans repayable on demand - short term loan	21	-	-	<b>7,121.62</b>	1,483.47
Loans repayable on demand - suppliers/buyers credit	21	-	-	-	-
Trade payables	22	-	-	<b>74,660.91</b>	1,46,274.62
Interest accrued but not due	23	-	-	<b>30.09</b>	16.11
Interest accrued and due	23	-	-	<b>5,576.51</b>	686.90
Unclaimed dividends	23	-	-	<b>278.55</b>	513.40
Overdue term loans	23	-	-	<b>10,266.60</b>	-
Overdue Deferred Payment Liabilities	23	-	-	<b>632.24</b>	338.28
Payables towards deposits	23	-	-	<b>209.51</b>	201.78
Payables towards others	23	-	-	<b>3,505.06</b>	1,551.08
Payables towards purchase of fixed assets	23	-	-	<b>2,209.70</b>	1,136.88

The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables and short term loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

The foreign exchange forward contracts approximate their carrying amounts largely due to the mark to market of these instruments as provided by the banks.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**41. Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for liabilities :**

₹ in Lakhs

Particular	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
<b>Financial liabilities measured at fair value through profit or loss (Refer Note 401)</b>					
Foreign exchange forward contracts	31-Mar-19	-	-	0.00	-
Foreign exchange forward contracts	31-Mar-18	6.02	-	6.02	-

The fair values of the foreign exchange forward contracts have been determined based on the valuation report obtained from the bank. Significant observable inputs used in the valuation report are quoted forward exchange rates.

## 42. Financial risk management objectives and policies

### Financial Risk Management Framework

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans and advances, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also entered into foreign exchange forward contracts, which are classified as derivatives in accordance with Ind AS and are not material given their size.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company's senior management oversees the management of these risks. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company based on the policies agreed by the Company's senior management. The same are summarised below:

#### A. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company results in material concentration of credit risk except trade receivables where more than 50% is due from Government of India. The same are realisable in due course, based on historical experience and the fact that they are due under a major policy initiative of the Government.

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (ii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, if any."



Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 3 years past due. Even though loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in Statement of Profit and Loss.

**Exposure to credit risk**

₹ in Lakhs

Particulars	March 31, 2019	March 31, 2018
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Non current loans	2,377.97	4,558.30
Other non current financial assets	13.66	49.79
Current loans	3,779.75	3,309.16
Other current financial assets	701.01	764.14
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	86,267.90	1,72,389.25

**Trade receivables:**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients based on ageing.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due not impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade receivables as of 31st March, 2019	57,618.31	7,189.44	1,665.20	1,173.12	18,621.83	86,267.90
Trade receivables as of March 31, 2018	1,21,991.75	22,285.38	12,396.32	2,379.83	13,335.96	1,72,389.25

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables :

Particulars	March 31, 2019	March 31, 2018
Start of the year	2,598.94	1,854.76
Provision for Impairment	518.73	744.18
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
<b>End of year</b>	<b>3,117.67</b>	<b>2,598.94</b>

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

**B. Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

**Year ended March 31, 2019**

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Borrowings from Banks / Financial institutions	47,569.54	39.50	-	47,609.04
Interest-free sales tax deferral from State Government	1,242.56	3,051.41	1,343.49	5,637.46
Deposits payable	-	7,852.86	-	7,852.86
Working capital demand loan from bank	1,17,007.70	-	-	1,17,007.70
Short term loan from bank	7,121.62	-	-	7,121.62
Trade payables	74,660.91	-	-	74,660.91
Other financial liabilities	11,809.42	-	-	11,809.42

**Year ended March 31, 2018**

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Borrowings from Banks / Financial institutions	14,747.92	37,346.29	-	52,094.21
Non-convertible debentures	-	-	-	-
Interest-free sales tax deferral from State Government	1,070.52	2,487.90	2,517.33	6,075.75
Deposits payable	-	7,814.61	-	7,814.61
Working capital demand loan from bank	1,03,033.23	-	-	1,03,033.23
Short term loan from bank	1,483.47	-	-	1,483.47
Trade payables	1,46,274.62	-	-	1,46,274.62
Other financial liabilities	4,112.17	-	-	4,112.17

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. As at March 31, 2018, there is no such excessive risk concentration.

**C. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the entity comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at March 31, 2019.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

**The following assumptions have been made in calculating the sensitivity analyses:**

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The company's interest rate exposure is mainly related to variable interest rates debt obligations. The company uses a mix of interest rate sensitive loan facilities from the lenders to manage the liquidity and fund requirement for its day to day operations like working capital, short term loans and suppliers / buyers credit etc.,

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings with floating rate of interest affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
	INR Lacs	
<b>31-Mar-19</b>		
INR	+50	249.25
INR	-50	(249.25)
<b>31-Mar-18</b>		
INR	+50	288.00
INR	-50	(288.00)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency.

Particulars	USD in Million	₹ in Lakhs	Euro in Million	₹ in Lakhs	GBP in Million	₹ in Lakhs
<b>Foreign currency exposure as at 31st March, 2019</b>						
Trade receivables	0.33	226.19	-	-	-	-
Loans and other receivables	-	-	0.44	362.11	-	-
Trade payables	1.62	(1,120.79)	0.02	(15.38)	0.01	6.90
Foreign exchange forward contracts	2.17	(1,409.50)	-	-	-	-
<b>Foreign currency exposure as at March 31, 2018</b>						
Trade receivables	0.15	100.20	-	-	-	-
Loans and other receivables	-	-	0.44	362.11	-	-
Trade payables	1.88	(1,222.32)	-	-	-	-
Foreign exchange forward contracts	2.17	(1,409.50)	-	-	-	-

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

₹ in Lakhs

Currency	2018-19		2017-18	
	5% increase	5% decrease	5% increase	5% decrease
USD	(44.73)	44.73	(126.58)	126.58
Euro	17.34	(17.34)	18.11	(18.11)
GBP	(0.35)	0.35	-	-
<b>Increase/(decrease) in profit or loss</b>	<b>(27.74)</b>	<b>27.74</b>	<b>(108.47)</b>	<b>108.47</b>

**43. Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short term deposits.

₹ in Lakhs

	At Mar 31, 2019	At March 31, 2018
Interest bearing loans and borrowings (Note 16 & 21)	1,77,125.59	1,56,610.91
Less: Cash and short term deposits (Note 12 & 13)	14,636.21	7,199.43
<b>Net debts</b>	<b>1,62,489.38</b>	<b>1,49,411.48</b>
Equity share capital (Note 14)	5,980.65	5,980.65
Other Equity (Note 15)	52,729.10	1,01,344.21
<b>Total Capital</b>	<b>58,709.75</b>	<b>1,07,324.86</b>
<b>Capital and net debt</b>	<b>2,21,199.13</b>	<b>2,56,736.34</b>
<b>Gearing ratio %)</b>	<b>73.46%</b>	<b>58.20%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital between the years ended March 31, 2018 and March 31, 2017.

**44. Disclosure of additional information pertaining to the Parent Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013:**

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of total Consolidated Net assets	₹ in Lakhs	As % of total Consolidated Profit or loss	₹ in Lakhs	As % of total Consolidated other comprehensive income	₹ in Lakhs	As % of total Consolidated total comprehensive income	₹ in Lakhs
<b>Parent</b>								
Nagarjuna Fertilizers and Chemicals Limited	96.95%	56,916.68	100.00%	(49,072.85)	100.00%	8.44	100.00%	(49,064.41)
<b>Subsidiaries</b>								
<b>a) Indian</b>								
Jaiprakash Engineering and Steel Company Limited	3.05%	1,790.25	0.00%	(0.70)	0.00%	-	0.00%	(0.70)
Non-controlling interests in all subsidiaries								
<b>a) Indian</b>								
Jaiprakash Engineering and Steel Company Limited	0.00%	2.82	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
	<b>100.00%</b>	<b>58,709.75</b>	<b>100.00%</b>	<b>(49,073.55)</b>	<b>100.00%</b>	<b>8.44</b>	<b>100.00%</b>	<b>(49,065.11)</b>

- 45.** In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 388.70 acres of land (Previous year 388.70 acres of land), the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2019.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide

## Notes forming part of the consolidated financial statements for the year ended March 31, 2019

Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

The Government of Karnataka has passed order No. CI 175 SPI 2011 Dt. 11-11-2013 cancelling the Land Allotment made to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition challenging the Order of the Govt. of Karnataka and the Hon'ble High Court of Karnataka has prohibited the Govt. of Karnataka from dispossessing the land in possession of the Company. The High Court of Karnataka on April 23, 2018 has lifted the stay and permitted the Government of Karnataka from taking possession of 160 acres of land from the Company for handing over the same to prospective applicants. JESCO filed Writ appeal against this modified order. JESCO's Writ Application was disposed. JESCO is filing fresh W.P challenging the allotment of 160 Acres.

The stay of the High Court of Karnataka in relation to dis-possession of land in the possession of the Company for 388.70 acres continues.

Pending crystalization of plans and considering the above said developments, the Financial Statements of JESCO, for the year have been prepared on going concern basis, notwithstanding the project initially planned been shelved.

In view of the above, management is of the opinion that an additional provision of ₹ 450 lakhs be made in addition to the existing provision of ₹ 460 lakhs totaling to an amount of ₹ 910 Lakhs as of March 31, 2019.

These shares were pledged in favour of Banks / Financial Institutions for the term loans availed by the Company, which are repaid in full awaiting release of pledge.

### 46. Earnings per Share:

Particulars	Unit of Measurement	2018-19	2017-18
Net (Loss) after tax	(₹ in Lakhs)	(49,073.55)	(2,153.73)
Number of Equity shares (fully paid up)	(Numbers)	59,80,65,003	59,80,65,003
Earnings per share – Basic & Diluted (Face value of ₹ 1/- per share)	[ 1 ] / [ 2 ]	(8.21)	(0.36)

**Note:** The Company has no dilutive instruments as at March 31, 2019, as such dilutive earnings per share equals to Basic Earnings per share.

47. Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.

48. The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

### Signatories to Notes

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**For M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**Uday Shankar Jha**

Chairman

**K. Rahul Raju**

Managing Director

For and on behalf of the Board

**C. B Mouli**

**Lalitha Raghuram**

**Syed Shahabuddin**

**Anilkumar Mehta**

Partner

Membership No. 14284

**H Muralidhar**

Chief Financial Officer

**K. Chandra Sekhar Naidu**

Company Secretary

**Chandrapal Singh Yadav**

**V V S Ravindra**

Hyderabad

May 24, 2019

**NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED**

Registered Office: D. No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad 500082 Telangana  
 Website: www.nagarjunafertilizers.com; Email Address: secretarial@nagarjunagroup.com;  
 Contact No. 040-23358405; Fax No. 040-23354660

**CIN: L24129TG2006PLC076238**

**Thirteenth Annual General Meeting at KLN Prasad Auditorium, # 11-6-841, FTCCI Building, FTCCI Marg, Red Hills, Lakdikapool, Hyderabad - 500 004 at 10:00 A.M. on Tuesday, December 24, 2019**

**ADMISSION SLIP**

Name of the Member: \_\_\_\_\_ \*DP ID: \_\_\_\_\_  
 Regd. Folio No.: \_\_\_\_\_ \*Client ID : \_\_\_\_\_  
 No. of shares held: \_\_\_\_\_

Signature of the Member / Proxy

Note: Member / Proxy must hand over the duly signed attendance slip at the venue.

\*Applicable for the members holding shares in electronic form.

**NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED****PROXY FORM**

Registered Office: D. No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad 500082 Telangana  
 Website: www.nagarjunafertilizers.com; Email Address: secretarial@nagarjunagroup.com;  
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**Thirteenth Annual General Meeting at KLN Prasad Auditorium, # 11-6-841, FTCCI Building, FTCCI Marg, Red Hills, Lakdikapool, Hyderabad - 500 004 at 10:00 A.M. on Tuesday, December 24, 2019**

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):		Email Id:	
Registered Address:			
Folio No. / Client ID*		DP ID*:	

I/We, being the member(s) of \_\_\_\_\_ shares of Nagarjuna Fertilizers And Chemicals Limited, hereby appoint:

- Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 Email Id : \_\_\_\_\_  
 Signature : \_\_\_\_\_ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the thirteenth Annual General Meeting of the company, to be held on the Tuesday, 24th day of December, 2019 at 10.00 A.M. at KLN Prasad Auditorium, # 11-6-841, FTCCI Building, FTCCI Marg, Red Hills, Lakdikapool, Hyderabad - 500 004 and at any adjournment thereof.



\*\* I / we direct my / our proxy to vote on resolution(s) in the manner indicated below:

S.No.	Resolution(s)	For	Against	Abstain
01.	Adoption of Audited Financial Statements (including consolidated financial statement) of the Company for the Financial Year ended March 31, 2019, and the Reports of the Board of Directors and Auditors thereon			
02.	Reappointment of Mr. Uday Shankar Jha (DIN 00056510) as a Director of the Company, liable to retire by rotation			
03.	Reappointment of Mr. Chandra Pal Singh Yadav (DIN 00023382) as a Director of the Company, liable to retire by rotation			
04.	To appoint M/s. M Bhaskara Rao and Co. (Firm Registration No-000459S), as Statutory Auditors of the Company for the period of two consecutive years from the conclusion of this Annual General Meeting until the conclusion of the fifteenth Annual General Meeting			
05.	Ratification of remuneration to Cost Auditor for the financial year ending March 31, 2019			
06.	To appoint Mrs. Girija Bhan as an Independent Director			
07.	To appoint Hon'ble Shri Justice K.C. Bhanu (Retd.) as an Independent Director			
08.	To approve the payment of remuneration to Mr. K S Raju, Chairman			
09.	To approve the payment of remuneration to Mr. K Rahul Raju, Managing Director			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of shareholder

Signature of first Proxy holder(s)

Signature of Second Proxy holder(s)

Signature of third Proxy holder(s)

#### NOTES:

- The form should be signed across the stamp as per specimen signature registered with the Company.
- The proxy form should be deposited at least forty-eight hours before the commencement of the meeting at the registered office of the Company.
- A proxy need not be a Member of the Company.
- A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
- In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- The submission by a Member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.
- Requisitions, if any, for inspection of Proxies shall be submitted to the company in writing at least three days before the commencement of the Meeting. Proxies shall be made available for inspection during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting.
- In case a member wishes his / her votes to be used differently, he / she should indicate the number of shares under the column "For" or "Against" as appropriate.

\*Applicable for the members holding shares in electronic form.

\*\*This is optional. Please put a tick mark (✓) in the appropriate column against the Resolutions indicated in the Box. If a member leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate.

Affix  
Revenue  
Stamp

## NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED

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CIN: L24129TG2006PLC076238

**Thirteenth Annual General Meeting at KLN Prasad Auditorium, # 11-6-841, FTCCI Building, FTCCI Marg, Red Hills, Lakdikapool, Hyderabad - 500 004 at 10:00 A.M. on Tuesday, December 24, 2019**

### BALLOT FORM

The Members who are not able to attend the 13th Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the notice by sending the duly filled and signed Ballot/ Poll Form to Mr. CSS Krishna, Practicing Company Secretary, (the Scrutinizer) Partner, M/s K B G Associates, Company Secretaries at 1st Floor, 1-9-309/A, Above Kancheepuram Lavanya Silks, Red Cross Blood Bank Road, Spencer's Vidyanagar Road, Atchuta Reddy Marg, Vidyanagar, Hyderabad - 500 044 so as to reach him not later than 5.00 PM on Monday, December 23, 2019

Sl.No.	Particulars	Details
1.	Name of the First Named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No./ *Client ID No./ Client ID *( *Applicable to investors holding shares in dematerialized form)	
4.	No of shares held	

I/ We hereby exercise my/ our vote in respect of Ordinary/Special Resolution enumerated below by recording my/ our assent or dissent to the said resolution by placing tick (✓) mark at the appropriate box below :

Item No.	Resolution(s)	I/ We assent to the resolution	I/ We dissent from the resolution.	I / We abstain from voting
01.	Adoption of Audited Financial Statements (including consolidated financial statement) of the Company for the Financial Year ended March 31, 2019, and the Reports of the Board of Directors and Auditors thereon			
02.	Reappointment of Mr. Uday Shankar Jha (DIN 00056510) as a Director of the Company, liable to retire by rotation			
03.	Reappointment of Mr. Chandra Pal Singh Yadav (DIN 00023382) as a Director of the Company, liable to retire by rotation			
04.	To appoint M/s. M Bhaskara Rao and Co. (Firm Registration No-000459S), as Statutory Auditors of the Company for the period of two consecutive years from the conclusion of this Annual General Meeting until the conclusion of the fifteenth Annual General Meeting			
05.	Ratification of remuneration to Cost Auditor for the financial year ending March 31, 2019			
06.	To appoint Mrs. Girija Bhan as an Independent Director			
07.	To appoint Hon'ble Shri Justice K.C. Bhanu (Retd.) as an Independent Director			
08.	To approve the payment of remuneration to Mr. K S Raju, Chairman			
09.	To approve the payment of remuneration to Mr. K Rahul Raju, Managing Director			

Place:

Date

(Signature of the shareholder)

### INSTRUCTIONS FOR FILING THE BALLOT FORM

1. A Member desiring to exercise vote by ballot form may complete the ballot form and send it to the Scrutinizer, appointed by the Company viz., Mr. C S S Krishna, Partner, M/s. K B G Associates, Company Secretaries at 1st Floor, 1-9-309/A, Above Kancheepuram Lavanya Silks, Red Cross Blood Bank Road, Spencer's Vidyanagar Road, Atchuta Reddy Marg, Vidyanagar, Hyderabad - 500 044.
2. In case of shares held by companies, trusts, societies etc, the duly completed ballot form should be signed by a person authorized and accompanied by a certified true copy of the resolution indicating the authorization.
3. Unsigned Ballot Forms will be rejected.
4. Duly completed Ballot Form should reach the Scrutinizer not later than 5.00 PM on Monday, December 23, 2019, at address mentioned in Point No.1 above.
5. The Scrutinizer's decision on the validity of a Ballot Form will be final.

### Submission of PAN and Bank Details

The Securities and Exchange Board of India vide Circular SEBI / HO / MIRSD / DOP1 / CIR / P / 2018 / 73 dated April 20, 2018 with the intention to strengthen the standards for Share Transfer Agent (RTA) has prescribed guidelines for procedures and processes with regard to handling, maintenance and updating of records, transfer / transmission of securities and payment of dividend.

As per the guidelines where bank account details of the shareholder is not available with RTA or there is change in bank account details, RTA shall obtain account details along with cancelled cheque to update the securities holder's data. The original cancelled cheque shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook / statement attested by the bank.

The unpaid dividend shall be paid via electronic bank transfer. In case electronic payment instructions have failed or have been rejected by the bank, the company may ask the banker to make payment through physical instrument such as banker's cheque or demand draft to such securities holder incorporating his bank account details.

The RTA has been bestowed with the responsibility to take special efforts to collect copy of PAN, and bank account details of all shareholders holding shares in physical form.

Accordingly all the shareholders are requested to submit a copy of the PAN card and original cancelled cheque leaf / attested bank passbook showing name of account holder at the earliest. Further it is also requested to update the contact details viz., the complete postal address, the mobile number and any alternate number, and landline and email address for effective communications with Company.

In case of residents of Sikkim, the requirement of PAN Card be substituted with a valid Identity proof issued by Government.

### Transfer of shares only on dematerialized form

The SEBI vide its Notification dated June 8, 2018 notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 wherein it mandated that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. The shareholders are requested to take note of the same.

### Transfer of Dividends and Corresponding Shares to Investor Education Protection Fund

The Company had paid dividend to the shareholders for the financial year 2011-12 on August 31, 2012. The period of seven years as envisaged in the Companies Act and the rules made thereunder has expired during the month of September, 2019. The Company as required by law has sent notice of intimation of transfer of shares and dividends to the shareholders dated June 30, 2019, and published an advertisement in the news papers as required by law requesting the shareholders to claim the unclaimed / unpaid dividend within the due date as mentioned in the notice.

The Company has transferred the unpaid / unclaimed dividend and corresponding shares to Investor Education and Protection Fund during the month of October 2019.

Members / claimants whose shares, unclaimed dividend, etc. which have been transferred to the demat account of the IEPF Authority, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee as decided by the IEPF Authority from time to time. Member/ claimant can file only one consolidated claim in a financial year as per the IEPF Rules. Form IEPF- 5 is also available on the website of the Company at viz., [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com) under the 'Investors' section.



# COMMUNITY SERVICE





If undelivered, please return to  
Nagarjuna Fertilizers and  
Chemicals Limited / Investors Services Cell  
Plot No. I, Nagarjuna Hills, Punjagutta,  
Hyderabad-500 082, Telangana, India

tel + 91 40 2335 8405 / 7200  
[www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)