

Registered Office :  
D.No 8-2-248, Nagarjuna Hills  
Punjagutta, Hyderabad - 500082. INDIA  
Phone : 040 23357200, 66544500  
Fax : (91-40) 23354788  
Website : www.nfcl.in  
CIN : L24129TG2006PLC076238



July 11, 2024

To  
**The National Stock Exchange of India Limited**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051  
Symbol: **NAGAFERT**

Dear Sir / Madam,

Sub: Refiling of Annual Audited Financial Results for the year ended March 31, 2024

- Ref: 1. Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.  
2. Disclosure of the Company Dated May 20, 2024.  
3. BSE Email dated June 05, 2024.  
4. Disclosure of the Company Refiling the Annual Financial Results for the year ended March 31, 2024, on June 06, 2024.  
5. NSE Email dated July 11, 2024.

We refer to the disclosure of the company dated May 20, 2024, in relation to the filing of Annual Audited Standalone and Consolidated Financial Results for the year ended March 31, 2024.

We wish to inform that, the company had refiled the Annual Audited Financial Results on June 06, 2024, as the Consolidated Cash Flow Statement has been filed instead of Consolidated Balance Sheet for the year ended March 31, 2024 under "Reply to Clarification- Financial results".

Basis the email communication from NSE on July 11, 2024, we herewith refiling the Annual Audited Standalone and Consolidated Financial Results for the year ended March 31, 2024, under updates.

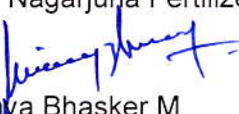
Please find the copy of the approved Annual Audited Standalone and Consolidated Financial Results along with the Statutory Auditor's Report and the Statement on impact of Audit Qualifications for the year ended March 31, 2024.

Further, the company shall exercise adequate diligence in its filings henceforth.

Request you to take the same on record and oblige.

Thanking you,

Yours Truly,  
For Nagarjuna Fertilizers and Chemicals Limited

  
Vijaya Bhasker M  
Company Secretary

**Nagarjuna Fertilizers and Chemicals Limited**  
**Nagarjuna Hills, Hyderabad - 500 082.**  
**Website: www.nagarjunafertilizers.com**  
**CIN: L24129TG2006PLC076238**

**Standalone Audited Financial Results for the Quarter / Year Ended March 31, 2024**

Rs. In Lakhs

SI No	PARTICULARS	Standalone				
		Quarter ended		Year ended		
		31-03-2024 (Audited)	31-12-2023 (Unaudited)	31-03-2023 (Audited)	31-03-2024 (Audited)	31-03-2023 (Audited)
I	Revenue from Operations	1,16,006.13	1,20,790.17	83,531.02	4,76,538.60	5,64,220.16
II	Other Income	958.48	124.00	4,380.33	2,193.20	6,344.12
III	<b>Total income (I+II)</b>	<b>1,16,964.61</b>	<b>1,20,914.17</b>	<b>87,911.35</b>	<b>4,78,731.80</b>	<b>5,70,564.28</b>
IV	<b>Expenses</b>					
	a) Cost of materials consumed	59,543.73	63,208.50	39,628.55	2,44,098.22	2,84,873.12
	b) Purchase of Stock-in-Trade	15.18	55.78	70.85	129.53	478.23
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	2,487.88	(2,824.69)	2,297.16	1,083.10	(2,468.42)
	d) Power and Fuel	50,869.12	54,864.63	36,651.84	2,10,586.24	2,40,368.77
	e) Employee Benefits Expense	2,442.68	2,423.53	2,804.77	9,750.19	9,892.69
	f) Finance cost	13,409.12	10,995.59	11,725.64	47,912.63	52,594.29
	g) Depreciation and Amortization Expense	1,226.06	1,246.47	1,890.71	4,968.78	7,926.99
	h) Impairment losses	-	-	67,519.40	63,407.20	67,519.40
	i) Other Expenses	7,052.32	6,368.01	4,400.74	26,558.91	23,093.28
	<b>Total expenses</b>	<b>1,37,046.09</b>	<b>1,36,337.82</b>	<b>1,66,989.66</b>	<b>6,08,494.80</b>	<b>6,84,278.35</b>
V	<b>Profit / (Loss) before exceptional items and tax (III-IV)</b>	<b>(20,081.48)</b>	<b>(15,423.65)</b>	<b>(79,078.31)</b>	<b>(1,29,763.00)</b>	<b>(1,13,714.07)</b>
VI	Exceptional Items	-	-	-	-	-
VII	<b>Profit / (Loss) before Tax (V-VI)</b>	<b>(20,081.48)</b>	<b>(15,423.65)</b>	<b>(79,078.31)</b>	<b>(1,29,763.00)</b>	<b>(1,13,714.07)</b>
VIII	<b>Tax Expense:</b>					
	(a) Current Tax	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-
	(c) Deferred Tax	(139.40)	(412.11)	(21,772.07)	(1,374.13)	(23,705.03)
		(139.40)	(412.11)	(21,772.07)	(1,374.13)	(23,705.03)
IX	<b>Profit / (Loss) from continuing operations (VII-VIII)</b>	<b>(19,942.08)</b>	<b>(15,011.54)</b>	<b>(57,306.24)</b>	<b>(1,28,388.87)</b>	<b>(90,009.04)</b>

<b>X</b>	<b>Other Comprehensive Income (net of tax)</b>					
	<b>A Items that will not be reclassified to profit or loss</b>					
	(i) Re-measurement gains / (losses) on defined benefit plans	241.95	-	408.87	241.95	408.87
	(ii) Income tax relating to these items	(75.49)	-	(127.57)	(75.49)	(127.57)
	<b>B (i) Items that will be reclassified to profit or loss</b>	-	-	-	-	-
	(ii) Income tax relating to these items	-	-	-	-	-
	<b>Total Other Comprehensive income, net of tax</b>	<b>166.46</b>	<b>-</b>	<b>281.30</b>	<b>166.46</b>	<b>281.30</b>
<b>XI</b>	<b>Total Comprehensive Income (IX+X)</b>	<b>(19,775.62)</b>	<b>(15,011.54)</b>	<b>(57,024.94)</b>	<b>(1,28,222.41)</b>	<b>(89,727.74)</b>
<b>XII</b>	<b>Paid-up Equity Share Capital (Face Value of Rs. 1/- per share)</b>	<b>5,980.65</b>	<b>5,980.65</b>	<b>5,980.65</b>	<b>5,980.65</b>	<b>5,980.65</b>
<b>XIII</b>	<b>Other Equity</b>				<b>(3,41,057.30)</b>	<b>(2,12,834.89)</b>
<b>XIV</b>	<b>Earning Per Share (of Rs.1/- each) - Basic and Diluted</b>	<b>(3.33)</b>	<b>(2.51)</b>	<b>(9.58)</b>	<b>(21.47)</b>	<b>(15.05)</b>
		<b>(Not Annualised)</b>	<b>(Not Annualised)</b>	<b>(Not Annualised)</b>		

**Notes:**

- 1) The above statement of Audited standalone financial results for the quarter ended 31st March 2024 and the year to date for the period 01st April 2023 to 31st March 2024 was reviewed and recommended by the Audit Committee and approved by the Board of Directors at their, meeting held on 20th May 2024.
- 2) The financial results comprise the combined operations of the company of its Fertilizer and Micro Irrigation businesses. For the purposes of disclosures under Ind AS 108, Operating Segments, as the financial result of Micro Irrigation is below the reportable segment threshold limit, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, the same is neither disclosed as separate segments nor are combined as "all other segments".
- 3) The Company is operating in a regulated environment under the Essential Commodities Act, 1955, supported by Government Subsidy. On account of an accident in the GAIL Pipeline which supplies Gas to the company during 2014, the production of the company was disrupted for long time and as a result the company suffered losses. To overcome the financial stress caused due to disruption of production and losses, the company approached its lenders for a Corrective Action Plan (CAP) and the lenders formed Joint Lenders Forum (JLF) in 2015 and assessed Rs. 3050 Crs (Rs.850 Cr under Fund Based + Rs.2200 Cr. Under Non-Fund Based) and Rs.800 Cr. Working Capital Term Loan under CAP to shore up the working capital and to enable the company to run. This funding for rectification of account is called Corrective Action Plan 2015 (CAP). Due to lack of assessed funds from lenders (non-implementation of CAP) the company's account after the GAIL Pipeline accident could not be rectified in 2015-16 and went into severe financial stress increasing indebtedness and losses resulting in defaults in 2018. Upgrading of account without releasing of the assessed funds for rectification of account (CAP), is in violation of RBI CAP regulations of 2014 and 2015, resulting in the account becoming NPA in 2015 itself as per RBI regulations instead of 2018 after CAP implementation as being claimed by Banks. The company has been reporting the disputes on CAP debt (working capital term loans and working capital loans in the books of the company) to the lenders and in the annual reports. The debt in the books (CAP loans) are disputed and are sub-judice.

The lenders approved 'Holding on Operations' (HOO) from December 2018 to amicably resolve the debt issues with the company in the interests of all stakeholders (valid till June 30,2023). Due to inadequate working capital, financial stress and continued losses on account of stoppage of production of the plants during 2018, without prejudice to the interest that the company had taken up long-term financial Resolution Plan (RP) with its Lenders. The lenders held series of Joint Lenders Meetings (JLM) for consideration and suggestions on the RP. Consequent to the lenders meetings, a resolution plan was unanimously approved by the lenders in March 2020, which amongst other things, include segregation of debt into sustainable and unsustainable, reduction in the rate of interest, infusion of fresh equity and sanction of additional debt etc. However, post conclusion of the Resolution Plan, the lenders made arbitrary changes in the said RP on 4th June 2020. The company has filed a Writ Petition in the Hon'ble High court of Telangana, on the arbitrary actions of the lenders against the RBI Regulations. Further, the company has filed contempt cases against lenders who have filed petitions under IBC in violation of the above stay orders of the High Court and the matter is pending for hearing.

Notwithstanding the legal proceedings, the Company actively worked amicably to resolve the disputes with lenders and for completion of resolution plan. The company is operating both urea plants from April 2023 and continued operating both the plants during the Quarter/ Year ended 31st March 2024. Due to lack of working capital, the losses continued resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ Year ended 31st March 2024, the Company's current liabilities exceeded current assets by Rs. 3,96,414.20 lakhs (net current liabilities excluding contingent liabilities).

The lenders (Banks) of the company have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015. Though the company represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, the company filed cases against the lenders in Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/ confirmation of balances to the company in the last 6 years. The company has also been disclosing CAP debt disputes since 2018. In this background, the company has been accounting the interest on the loans as per the terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the financial statements. This is not confirmation of dues.

- 4) The Company received on 3rd April 2023 a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating that the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE- 112-TRUST) under section 5 of the SARFAESI Act,

There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

- 5) The Company has received a demand notice dated 20th May 2023 U/s 13(2) of the SARFAESI Act from Lender (Secured Creditor) to repay total outstanding dues of Rs.3,344.37 Crs, failing which Lender (Secured Creditor) will take appropriate action in accordance with the Law. The Company has replied to the said notice on 17th July 2023 explaining the disputes with the lenders and matter is being sub- judice and sought time for submission of Debt Resolution plan/ OTS. In response to the company reply, the Lender (Secured Creditor) reverted on 25th July 2023 disputing objections raised by the company and advised the company to expedite submission of Debt Resolution Plan/ OTS.

Accordingly, the Board of Directors at their meeting held 14th August 2023 and members in AGM held on 15th September 2023 approved the proposal of slump sale transaction of Ammonia / Urea and MI businesses along with related assets and liabilities, subject to fulfilment of Conditions Precedents (CP's), Sale of non-core assets of the company and Debt Resolution / OTS along with funding.

Subsequently, the Board of Directors at their Meeting held on October 09, 2023, have noted 1) order of the Hon'ble NCLAT, Chennai, dated October 05, 2023, setting aside the order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench, 2) the CP's needed for Slump Sale transaction, 3) Sale of non-core assets of the company and 4) Debt Resolution / OTS. Further, the Company is working towards fulfilment of CPs.

ACRE subsequently taken symbolic possession of the scheduled assets of the Company in its favour on October 12, 2023.

The company while continuing to work and was optimistic on fulfilling the critical CPs for the closure of the slump sale transaction has formally applied to ACRE for OTS as approved by the Board and Shareholders (without any prejudice to the rights of NFCL regards to ongoing debt disputes). ACRE on the 31st of October 2023 replied to the company's OTS proposal that the Settlement Proposal submitted to ACRE is not binding and tentative on fulfilment on CPs (which was tentative amongst other things energy claim approval/disbursal by Govt) and therefore was unable to consider and/or appraise the Settlement Proposal and communicated that it would continuing to pursue the SARFAESI process.

Given the uncertainties of energy claim approval/reimbursement by GOI, the consequences of SARFAESI process in case the lender is unable to recover the total amounts due and to ensure an amicable debt resolution to ensure continuation of operation post debt resolution The Board of Directors on December 24, 2023, while asking the company to continue and speed up closure of CPs for the approved Slump Sale transaction, without prejudice, considered and approved the company to engage and work with ACRE on a One Time Settlement (OTS) under SARFAESI/directly (or a combination of both) if any in parallel to the current efforts on the Slump Sale transaction to amicably settle debt.

The OTS amount as benchmark provided by the Board for negotiations with ACRE on December 24, 2023, was the amount equal to or lower than the amount realised from sale of core and non-core assets and lower than the amounts due to ACRE. In terms of the mandate of the Board of Directors the company engaged with and vide letter agreement dated 12th January agreed to cooperate with ACRE, without prejudice to the rights of the company and guarantors for a One Time Settlement (OTS) under SARFAESI/directly. The OTS amount is the amount recovered by ACRE under SARFAESI through sale of core assets plus Rs 200 Crores through sale of non-core assets (non-current assets of the company). While the current assets are also fully charged to the secured creditor in case the OTS with ACRE is successful the current assets including energy claims would be primarily utilised by the company to settle operating creditors dues.

The Board of Directors on January 26, 2024, took note of the updates on slump sale process, SARFAESI process by ACRE, as part of the SARFAESI process after taking symbolic possession of assets, has issued a Public Notice for physical auction for sale of Movable and immovable properties of the Company under SARFAESI Act, 2002, vide email to the company dated January 17, 2024. ACRE in their public auction notice stated that as of December 2023 the company owed ACRE around Rs 3858 Crs including interest.

The Company has received an email communication dated April 17, 2024, from ACRE that it has received an offer from a bidder above the reserve price and the bidder has submitted an upfront amount of 25% of the purchase consideration, in line with the terms of the sale.

It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, in terms of the provisions of SARFAESI Act, 2002, read with rules made thereunder, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration in accordance with the terms of SARFAESI Act, 2002 and the rules.

ACRE vide email dated April 24, 2024, asked the company to deposit the proceeds/advances received from the sale of non-core assets as mandated by ACRE into fixed deposits lien marked in favour of ACRE. The sale of non-core assets shall take effect along with or after receipt of sale consideration from the sale of Core Assets under SARFAESI Act, 2022, by ACRE. The borrower/NFCL has since deposited the proceeds/advances it received from the sale into the lien marked Fixed Deposits as mandated by ACRE.

Considering the uncertainties and final outcome of the result of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking into account of the future plans of the company for continuation of business operations post debt settlement and given the above background on its efforts for OTS as Debt Resolution, the management is of the opinion that the preparation of the financial statements for the year ended 31st March 2024 as a Going Concern basis is still appropriate.

ACRE has taken symbolic possession to enable them to start the auction process, but has not imposed any restrictions on the operations of the company as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in the normal course of business. Subsidy claims are being raised in the name of the company as per the procedures laid by the Government and Subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial statements are prepared on a going concern basis, the Property, Plant and Equipment are continued to be disclosed as non-current operating assets at its carrying value.

- 6) Basis the economic indicators on performance of Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 by the management and perceive that there is no further impairment loss required to be recorded as there are no changes in the conditions prevalent as on the date of this balance sheet compared to the Balance Sheet as at 31 March 2023. Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.
- 7) Two international Arbitration Awards have been passed against the Company. Amounts awarded USD 1,52,75,688 (Rs.12,735.94 lakhs), GBP 7,42,944 (Rs. 782.27 lakhs), EUR 4,55,000 (Rs. 410.49 lakhs) and INR 221.39 lakhs and interest as applicable apart from costs based on claims filed. The company is disputing the claims and the awards. The matter is sub- judice pending for hearing before the courts of Hyderabad, Telangana, India.

The contingent liabilities/claims stated above are not confirmation of dues but record of disputes.

- 8) Amlika Mercantile Private Limited (AMPL), Core Promoter of the Company had preferred an appeal before Hon'ble National Company Law Appellate Tribunal (NCLAT), Chennai, against the Order dated 27.08.2021, passed by the 'National Company Law Tribunal', Hyderabad Bench, admitting the Nagarjuna Fertilizers and Chemicals Limited (NFCL) into Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016. Basis the appeal of AMPL, Hon'ble NCLAT, Chennai, vide order dated October 05, 2023, has allowed the appeal by setting aside "the impugned order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench. Thereby, the Company exited CIRP under IBC, 2016 effective October 05, 2023. AMPL has claims the legal expenses, amount not ascertained, for the NCLAT appeal filed on behalf of the Company and the company is liable to reimburse the legal expenses to AMPL.

- 9) Government of India announced New Urea Policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector which are effective from 1st June 2015 to 31st Mar 2019. Government of India extended the NUP -2015 from 1st April 2019 until further orders. Income from Urea Operations has been recognised in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been recognized during the Quarter/ Year in terms of the said policies. Adjustments required, if any, will be considered on notification of final prices.

The Government from time to time extended the preset energy norms which were valid till 31st March 2023. Accordingly, Subsidy income is recognized based on Target Energy Norms as per NUP-2015 policy for the Quarter/Year ended March 2024.

- 10) The Company has been using the "Nagarjuna Brand / Trademarks" for its urea and other products under a license agreement Dt 29/01/1998 with the grantor, a related party. The company, during the period ended on 31.12.2021, received a claim from the grantor asserting its right to royalty for the period from 29/01/1998. The said claim is being negotiated with the granter for settlement.
- 11) The Company is pursuing various claims with the Government including reimbursement of Energy consumed, State Electricity Duty paid, Reliance Marketing Margin and IGST.
- 12) Pursuant to the fire accident on 27th June 2014 to the gas pipeline at Tatipaka and shutting down of supply of Natural Gas to NFCL, a dispute arose between GAIL and NFCL wherein a Sole Arbitrator has been appointed by Hon'ble Delhi High Court for adjudicating a claim raised by NFCL against GAIL. After hearing the matter, the Hon'ble Sole Arbitrator passed an Award upholding GAIL's claim of Force Majeure on 13.03.2023.
- 13) The figures for the quarter ended 31 March 2024 and 31 March 2023 are the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures up to December 31,2023, and December 31,2022, respectively.
- 14) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable with those of the current periods.

**HYDERABAD**  
**20th May 2024**



**K. RAHUL RAJU**  
**MANAGING DIRECTOR**

**Nagarjuna Fertilizers and Chemicals Limited**  
**Standalone Balance Sheet as at 31st March 2024**

Rs.in Lakhs

	Particulars	As at March 31, 2024	As at March 31, 2023
1	<b>ASSETS</b>		
	<b>Non-current assets</b>		
	(a) Property, Plant and Equipment	66,992.50	1,35,256.20
	(b) Capital work-in-progress	10.00	18.68
	(c) Financial Assets		
	(i) Investments	-	-
	(ii) Others	480.60	451.41
	(d) Deferred tax assets (net)	821.52	-
	<b>Sub - Total</b>	<b>68,304.62</b>	<b>1,35,726.29</b>
	<b>Current assets</b>		
	(a) Inventories	6,543.36	7,221.62
	(b) Financial Assets		
	(i) Trade receivables	43,925.95	39,693.79
	(ii) Cash and cash equivalents	1,017.05	1,789.20
	(iii) Bank balances, other than (ii) above	2,003.12	2,240.86
	(iv) Others	8,646.76	61.94
	(c) Current Tax Assets (Net)	60.49	243.29
	(d) Other current assets	7,535.79	7,221.36
	<b>Sub - Total</b>	<b>69,732.52</b>	<b>58,472.06</b>
	<b>Total Assets</b>	<b>1,38,037.14</b>	<b>1,94,198.35</b>
2	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity Share capital	5,980.65	5,980.65
	(b) Other Equity	(3,41,057.30)	(2,12,834.89)
	<b>Sub - Total</b>	<b>(3,35,076.65)</b>	<b>(2,06,854.24)</b>
	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	-	1,213.06
	(ii) Other financial liabilities	6,905.51	6,983.06
	(b) Provisions	61.56	585.28
	(c) Deferred tax liabilities (Net)	-	477.13
	(d) Other non-current liabilities	-	-
	<b>Sub - Total</b>	<b>6,967.07</b>	<b>9,258.53</b>
	<b>Current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	3,26,100.93	2,82,976.67
	(ii) Trade payables		
	(A) Total outstanding dues of Micro enterprises and Small Enterprises	132.81	83.85
	(B) Total outstanding dues of creditors other than micro and small enterprises.	1,35,802.35	1,04,485.32
	(iii) Other financial liabilities (other than those specified in item (c) below)	2,702.72	1,682.77
	(b) Other current liabilities	1,223.07	1,967.23
	(c) Provisions	184.84	598.22
	<b>Sub - Total</b>	<b>4,66,146.72</b>	<b>3,91,794.06</b>
	<b>Total Equity and Liabilities</b>	<b>1,38,037.14</b>	<b>1,94,198.35</b>

**Nagarjuna Fertilizers and Chemicals Limited**  
**Standalone Cash Flow Statement for the Year ended 31st March 2024**

Rs.in Lakhs		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(1,29,763.00)	(1,13,714.07)
<i>Adjustments:</i>		
Depreciation and Amortisation	4,968.78	7,926.99
Impairment of Assets	63,407.20	67,519.40
Provision for Doubtful Debts / Advances	787.12	327.17
Finance Cost	47,912.63	52,594.29
Deferred government grant	(345.79)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	(628.79)	(6.89)
<b>Operating Profit before working capital changes</b>	(13,661.85)	14,298.98
<i>Movements in working capital:</i>		
Increase/(decrease) in trade payables	31,365.99	5,801.86
Increase/(decrease) in long term provisions	(281.77)	485.29
Increase/(decrease) in short term provisions	(413.38)	53.19
Increase/(decrease) in other current liabilities	(398.37)	(2,113.63)
Increase/(decrease) in other current financial liabilities	1,019.95	207.78
Increase/(decrease) in other long term liabilities	(77.55)	(3.67)
Decrease/(increase) in trade receivables	(5,019.28)	8,472.26
Decrease/(increase) in inventories	678.26	(2,581.40)
Decrease/(increase) in Non-current - Other Financial Assets	(29.19)	23.63
Decrease/(increase) in other current assets	(314.43)	(1,262.23)
Decrease/(increase) in other Current financial assets	(8,584.82)	699.00
Cash generated from/(used) in operations	4,283.56	24,081.06
(Direct Taxes Paid -net of refunds)	182.80	119.89
<b>Net cash flow from / (used) in operating activities</b>	4,466.36	24,200.95
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP/Capital advances	(104.12)	(81.03)
Proceeds from Margin Money Deposits	237.74	5.89
Proceeds from Sale of fixed assets	629.31	9.16
<b>Net cash flow from / (used) in investing activities</b>	762.93	(65.99)
<b>C. Cash flow from Financing activities</b>		
Repayment of long term borrowings	(877.16)	(298.45)
Finance Costs paid	(13,857.86)	(31,690.29)
<b>Net cash flow from / (used) in financing activities</b>	(14,735.02)	(31,988.74)
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	(9,505.73)	(7,853.78)
<b>Cash and Cash Equivalents as at beginning of the year</b>	(1,29,675.41)	(1,21,821.63)
<b>Cash and Cash Equivalents as at end of the period</b>	(1,39,181.14)	(1,29,675.41)

Rs. in Lakhs		
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash and Cash Equivalents comprises of</b>		
Balances with Banks		
In Current Accounts	999.62	1,773.42
Cash on hand	17.43	15.78
Cash and Cash Equivalents	1,017.05	1,789.20
Less: Cash Credit	1,40,198.19	1,31,464.61
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	(1,39,181.14)	(1,29,675.41)



**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

**Auditor's Report on Audited standalone Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To The Board of Directors,  
Nagarjuna Fertilizers and Chemicals Limited**

**I. Qualified Opinion**

We have audited the accompanying standalone quarterly financial results of **Nagarjuna Fertilizers and Chemicals Limited** ("the company") for the quarter ended 31<sup>st</sup> March, 2024 and the year-to-date results for the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March, 2024 ("the statement") attached herewith, being submitted by "the Company" pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, "the statement":

- a. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the Net Loss and Total Comprehensive Loss and other financial information for the quarter ended 31<sup>st</sup> March, 2024 as well as the year-to-date results for the period from 01-04-2023 to 31-03-2024.

**II. Basis for Qualified Opinion:**

1. We refer to Note No: 3 to "the statement" wherein "the Company" explained that the lenders of "the Company" have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015 and though "the Company" represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, "the Company" filed cases against the lenders in the Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared as NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/ confirmation of balances to "the Company" since 6 years. In this background, "the Company" has been accounting the interest on the loans as per the





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the financial statements.

We refer to Note No: 4 to "the statement" wherein "the Company" stated that on 3rd April 2023, "the company" received a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE-112-TRUST) under section 5 of the SARFAESI Act. There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

In the absence of independent audit evidence from the lenders on the date(s) from which the loan accounts have been classified as NPAs, outstanding amount of borrowings at the end of every year, interest accrued thereon, period and amount of default in repayment of loans and payment of interest thereon disclosed in the financial statements and continuing the outstanding borrowings with the existing lenders (Banks), we are unable to express an opinion whether any adjustments are required to be made to the outstanding balance of borrowings as at the year end, interest on the borrowings charged to the statement of profit and loss for the year and the period and amount of default in repayment of principal and payment of interest disclosed in the financial statements.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 ethical 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

### **III. Material uncertainty related to going Concern**

1. We Refer to Note No.3 to "the statement" the Company" has been incurring recurring losses resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ Year ended 31<sup>st</sup> March, 2024, the Company's current liabilities exceeded the current assets by Rs.3,96,414.20 Lakhs.





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.p murali.com

The company, during the year under review, continued to default in discharging its obligations for repayment of Loans and settlement of other financial and non-financial liabilities including statutory dues on the due dates. The lenders have been treating the loans to "the Company" as Non-Performing Assets since last six years.

We Refer to Note No.5 to "the statement" wherein "the Company" stated that it has received a demand notice dated 20th May 2023 u/s 13(2) of the SARFAESI Act from Lendor (Secured Creditor) to repay total outstanding dues of Rs 3,344.37crores. ACRE, as part of the SARFAESI process after taking symbolic possession of assets (on October 12, 2023), has issued a Public Notice for auction of Sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, vide email to the company dated January 17,2024. ACRE in their public auction notice stated that as of December 2023 "the company" owed ACRE around Rs. 3858 Crs including interest. The Company has received an email communication dated April 17, 2024, from ACRE that it has received an offer from a bidder above the reserve price and the bidder has submitted an upfront amount of 25% of the purchase consideration, in line with the terms of the sale. It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration.

The above 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 realize its assets and discharge its liabilities including potential liabilities in the normal course of its business. The ability of "the Company" to continue as going concern is solely dependent on the successful restructuring resolution plans and raising of the required additional funds.

However, the management is of the opinion that the preparation of the financial statements of "the Company" for the quarter and year ended 31<sup>st</sup> March, 2024 as going concern is still appropriate considering the uncertainties and final outcome of the results of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking into account of the future plans of the company for continuation of business operations post debt settlement and given the above background on its effort for OTS as Debt Resolution.

2. We Further refer to Note 5, that ACRE has taken symbolic possession to enable them to start auction process, but has not imposed any restrictions on the plant operations as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in normal course of business. subsidy claims are being raised in the name of the company as per the procedures laid by the Government and subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial statements are prepared on a going concern basis, the Property, Plant and





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

Equipment are continued to be disclosed as Non Current operating assets at its carrying value.

**Our opinion is not modified in respect of these matters.**

#### **IV. Emphasis of Matter Paragraph**

We refer to the following notes to "the Statement":

- a) Note No 6: The Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 and management perceive that there is no further impairment loss required to be recorded

Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss of Rs. 63,407.20 Lakhs as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.

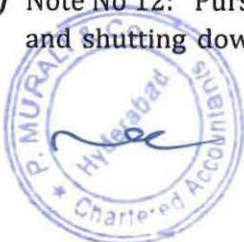
- b) Note No 7: The claims as per the International Arbitration Awards passed against "the Company" in September 2016 and October 2017, aggregating to USD 15,275,688, GBP 742,944 and EUR 455,000 and INR 221.39 Lakhs (equivalent Aggregate amount of Rs. 14,150.09 Lakhs) and interest thereon as applicable apart from costs, are continued to be shown as a contingent liability since the matter being sub-judice.

- c) Note No 8: Hon'ble NCLT admitted a petition filed by an operational creditor to initiate the CIRP against "the Company" under the provisions of the IBC 2016, Amlika Mercantile Private Ltd (One the of Promoter of "the Company") appealed against the order of Hon'ble NCLT. The NCLAT has set aside the this CIRP proceedings under IBC and currently "the Company" is out of CIRP. AMPL has claims the legal expenses, amount not ascertained, for the NCLAT appeal filed on behalf of "the Company" and "the Company" is liable to reimburse the legal expenses to AMPL.

- d) Note No 9: "The Company" has recognised Income from Urea Operations, Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation/de-escalation during the quarter in terms of new Urea policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector. Adjustments, if any, required will be considered on notification of final prices

- e) Note No 10: Claim from a related party asserting its right for Royalty for the period from 29.01.1998 onwards, is being negotiated with the granter for settlement.

- f) Note No 12: Pursuant to the fire accident on 27th June 2014 to the gas pipeline at Tatipaka and shutting down of supply of Natural Gas to NFCL, a dispute arose between GAIL and





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

NFCL wherein a Sole Arbitrator has been appointed by Hon'ble Delhi High Court for adjudicating a claim raised by NFCL against GAIL. After hearing the matter, the Hon'ble Sole Arbitrator passed an Award upholding GAIL's claim of Force Majeure on 13.03.2023.

***Our conclusion is not modified in respect of the above matters.***

## **V. Management's Responsibilities for the Standalone Financial Results**

These quarterly financial results as well as the year-to-date standalone financial results have been prepared on the basis of the financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net loss and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are 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 the Board of Directors either intends to liquidate "the Company" or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **VI. Auditor's Responsibilities for the Audit of the Standalone Financial Results:**

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 results.





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ❖ Identify and assess the risks of material misstatement of the standalone financial results, 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 control 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 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 the Board of Directors.
- ❖ Conclude on the appropriateness of the Board of Directors’ 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 financial results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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.





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

**VII. Other Matters:**

- I. The statement includes the results for the quarter ended 31 March 2024 being the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures up to December 31, 2023 which were subjected to the limited review by us.

**For P. Murali & Co.,**  
**Chartered Accountants**  
**FRN: 007257S**

**A. Krishna Rao**  
**Partner**  
**M. No. 020085**  
**UDIN: 24020085BKAUHI1291**

**Date: 20/05/2024**  
**Place: Hyderabad**

**ANNEXURE1**

**Statement of Impact of Audit Qualifications (for audit report with modified opinions) submitted along with Annual Audited Financial Results-(Standalone and Consolidated separately)**

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024**  
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulation, 2016]

**NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED, HYDERABAD  
STANDALONE**

	SI No.	Particulars	Audited Figures	Adjusted Figures
1.	1.	Turnover/Total Income	4,78,731.80	4,78,731.80
	2.	Total Expenditure	6,06,954.21	6,06,954.21
	3.	Net Profit/(Loss)	(1,28,222.41)	(1,28,222.41)
	4.	Earnings per Share	(21.47)	(21.47)
	5.	Total Assets	1,38,037.14	1,38,037.14
	6.	Total Liabilities	4,73,113.79	4,73,113.79
	7.	Net Worth	(3,35,076.65)	(3,35,076.65)
	8.	Any other financial item(s)		
II.	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a. Details of Audit Qualification:</b>			
	<b>Audit Qualification 1:</b>			
	1.	We refer to Note No: 3 to "the statement" wherein "the Company" explained that the lenders of "the Company" have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015 and though "the Company" represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, "the Company" filed cases against the lenders in the Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared as NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/confirmation of balances to "the Company" since 6 years. In this background, "the Company" has been accounting the interest on the loans as per the terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the financial statements.		

We refer to Note No: 4 to "the statement" wherein "the Company" stated that on 3rd April 2023, "the company" received a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE-112-TRUST) under section 5 of the SARFAESI Act. There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

In the absence of independent audit evidence from the lenders on the date(s) from which the loan accounts have been classified as NPAs, outstanding amount of borrowings at the end of every year, interest accrued thereon, period and amount of default in repayment of loans and payment of interest thereon disclosed in the financial statements and continuing the outstanding borrowings with the existing lenders (Banks), we are unable to express an opinion whether any adjustments are required to be made to the outstanding balance of borrowings as at the year end, interest on the borrowings charged to the statement of profit and loss for the year and the period and amount of default in repayment of principal and payment of interest disclosed in the financial statements.

b. Type of Audit Qualification: **Qualified Opinion**

c. Frequency of qualification: **Third time**

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's views: **AUDITOR HAS NOT QUINTIFIED**

e. For Audit Qualifications(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Qualification 1 - **NIL**

(ii) If Management is unable to estimate the impact, reasons for the same:

Qualification 1:

**There is no clear information on when the loans were declared as NPAs by Banks / lenders. In the absence of loan statements / confirmation of balances, interest demands by banks, the company has been accounting interest on loans as per the terms of Corrective Action Plan (CAP) and sanction letters. The outstanding bank borrowings (CAP loans and other facilities) are disputed and sub-judice.**

**There is no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., to the ACRE-112- TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.**

**The audit qualification is "there is no confirmation of dues", the impact of qualification therefore is not quantifiable.**

(iii) Auditor's comments on (i) above: **NIL**

III. Signatories:

• Managing Director:

  
KRAHUL RAJU

• Chief Financial Officer:

  
A. SUDHAKARA RAO

• Audit Committee Chairman:

  
RAJENDRA MOHAN GONELA

• Statutory Auditor:

  
A. KRISHNA RAO  
P. Murali & Co Chartered Accountants



Place: Hyderabad  
Date: 20<sup>th</sup> May 2024

**Nagarjuna Fertilizers and Chemicals Limited**  
**Nagarjuna Hills, Hyderabad - 500 082.**  
**Website: www.nagarjunafertilizers.com**  
**CIN: L24129TG2006PLC076238**

**Consolidated Audited Financial Results for the Quarter / Year Ended March 31, 2024**

**Rs. In Lakhs**

SI No	PARTICULARS	Consolidated				
		Quarter ended			Year ended	
		31-03-2024 (Audited)	31-12-2023 (Unaudited)	31-03-2023 (Audited)	31-03-2024 (Audited)	31-03-2023 (Audited)
I	Revenue from Operations	1,16,006.13	1,20,790.17	83,531.02	4,76,538.60	5,64,220.16
II	Other Income	958.48	124.00	4,380.33	2,193.20	6,344.29
III	Total income (I+II)	1,16,964.61	1,20,914.17	87,911.35	4,78,731.80	5,70,564.45
IV	Expenses					
	a) Cost of materials consumed	59,543.73	63,208.50	39,628.55	2,44,098.22	2,84,873.12
	b) Purchase of Stock-in-Trade	15.18	55.78	70.85	129.53	478.23
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	2,487.88	(2,824.69)	2,297.16	1,083.10	-2,468.42
	d) Power and Fuel	50,869.12	54,864.63	36,651.84	2,10,586.24	2,40,368.77
	e) Employee Benefits Expense	2,442.68	2,423.53	2,804.77	9,750.19	9,892.69
	f) Finance cost	13,409.12	10,995.59	11,725.64	47,912.63	52,594.29
	g) Depreciation and Amortization Expense	1,226.06	1,246.47	1,890.71	4,968.78	7,926.99
	h) Impairment losses	-	-	67,519.40	63,407.20	67,519.40
	h) Other Expenses	7,052.32	6,368.01	4,401.92	26,569.33	23,097.60
	Total expenses	1,37,046.09	1,36,337.82	1,66,990.84	6,08,505.22	6,84,282.67
V	Profit / (Loss) before exceptional items and tax (III-IV)	(20,081.48)	(15,423.65)	(79,079.49)	(1,29,773.42)	(1,13,718.22)
VI	Exceptional Items	-	-	-	-	-
VII	Profit / (Loss) before Tax (V-VI)	(20,081.48)	(15,423.65)	(79,079.49)	(1,29,773.42)	(1,13,718.22)
VIII	Tax Expense:					
	(a) Current Tax	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-
	(c) Deferred Tax	(139.40)	(412.11)	(21,772.07)	(1,374.13)	(23,705.03)
		(139.40)	(412.11)	(21,772.07)	(1,374.13)	(23,705.03)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(19,942.07)	(15,011.54)	(57,307.42)	(1,28,399.30)	(90,013.19)

<b>X</b>	<b>Other Comprehensive Income (net of tax)</b>					
	<b>A Items that will not be reclassified to profit or loss</b>					
	(i) Re-measurement gains / (losses) on defined benefit plans	241.95	-	408.87	241.95	408.87
	(ii) Income tax relating to these items	(75.49)	-	(127.57)	(75.49)	(127.57)
	<b>B (i) Items that will be reclassified to profit or loss</b>	-	-	-	-	-
	(ii) Income tax relating to these items	-	-	-	-	-
	<b>Total Other Comprehensive income, net of tax</b>	<b>166.46</b>	<b>-</b>	<b>281.30</b>	<b>166.46</b>	<b>281.30</b>
<b>XI</b>	<b>Total Comprehensive Income (IX+X)</b>	<b>(19,775.61)</b>	<b>(15,011.54)</b>	<b>(57,026.12)</b>	<b>(1,28,232.84)</b>	<b>(89,731.89)</b>
<b>XII</b>	<b>Paid-up Equity Share Capital (Face Value of Rs. 1/- per share)</b>	<b>5,980.65</b>	<b>5,980.65</b>	<b>5,980.65</b>	<b>5,980.65</b>	<b>5,980.65</b>
<b>XIII</b>	<b>Other Equity</b>	-	-	-	<b>(3,41,190.74)</b>	<b>(2,12,957.92)</b>
<b>XIV</b>	<b>Earning Per Share (of Rs.1/- each) - Basic and Diluted</b>	<b>(3.33)</b>	<b>(2.51)</b>	<b>(9.58)</b>	<b>(21.47)</b>	<b>(15.05)</b>
		<b>(Not Annualised)</b>	<b>(Not Annualised)</b>	<b>(Not Annualised)</b>		

**Notes:**

- 1) The above statement of Audited Consolidated financial results for the quarter ended 31st March 2024 and the year to date for the period 01st April 2023 to 31st March 2024 was reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meeting held on 20th May 2024.
- 2) The financial results comprise the combined operations of the company of its Fertilizer, Micro Irrigation businesses. For the purposes of disclosures under Ind AS 108, Operating Segments, as the financial results of Micro Irrigation is below the reportable segment threshold limit, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, the same is neither disclosed as separate segments nor are combined as "all other segments".
- 3) The Company is operating in a regulated environment under the Essential Commodities Act, 1955, supported by Government Subsidy. On account of an accident in the GAIL Pipeline which supplies Gas to the company during 2014, the production of the company was disrupted for long time and as a result the company suffered losses. To overcome the financial stress caused due to disruption of production and losses, the company approached its lenders for a Corrective Action Plan (CAP) and the lenders formed Joint Lenders Forum (JLF) in 2015 and assessed Rs. 3050 Crs (Rs.850 Cr under Fund Based + Rs.2200 Cr. Under Non-Fund Based) and Rs.800 Cr. Working Capital Term Loan under CAP to shore up the working capital and to enable the company to run. This funding for rectification of account is called Corrective Action Plan 2015 (CAP). Due to lack of assessed funds from lenders (non-implementation of CAP) the company's account after the GAIL Pipeline accident could not be rectified in 2015-16 and went into severe financial stress increasing indebtedness and losses resulting in defaults in 2018. Upgrading of account without releasing of the assessed funds for rectification of account (CAP), is in violation of RBI CAP regulations of 2014 and 2015, resulting in the account becoming NPA in 2015 itself as per RBI regulations instead of 2018 after CAP implementation as being claimed by Banks. The company has been reporting the disputes on CAP debt (working capital term loans and working capital loans in the books of the company) to the lenders and in the annual reports. The debt in the books (CAP loans) are disputed and are sub-judice.

The lenders approved 'Holding on Operations' (HOO) from December 2018 to amicably resolve the debt issues with the company in the interests of all stakeholders (valid till June 30,2023). Due to inadequate working capital, financial stress and continued losses on account of stoppage of production of the plants during 2018, without prejudice to the interest that the company had taken up long-term financial Resolution Plan (RP) with its Lenders. The lenders held series of Joint Lenders Meetings (JLM) for consideration and suggestions on the RP. Consequent to the lenders meetings, a resolution plan was unanimously approved by the lenders in March 2020, which amongst other things, include segregation of debt into sustainable and unsustainable, reduction in the rate of interest, infusion of fresh equity and sanction of additional debt etc. However, post conclusion of the Resolution Plan, the lenders made arbitrary changes in the said RP on 4th June 2020. The company has filed a Writ Petition in the Hon'ble High court of Telangana, on the arbitrary actions of the lenders against the RBI Regulations. Further, the company has filed contempt cases against lenders who have filed petitions under IBC in violation of the above stay orders of the High Court and the matter is pending for hearing.

Notwithstanding the legal proceedings, the Company actively worked amicably to resolve the disputes with lenders and for completion of resolution plan. The company is operating both urea plants from April 2023 and continued operating both the plants during the Quarter/ Year ended 31st March 2024. Due to lack of working capital, the losses continued resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ Year ended 31st March 2024, the Company's current liabilities exceeded current assets by Rs. 3,96,547.86 lakhs (net current liabilities excluding contingent liabilities).

The lenders (Banks) of the company have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015. Though the company represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, the company filed cases against the lenders in Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/ confirmation of balances to the company in the last 6 years. The company has also been disclosing CAP debt disputes since 2018. In this background, the company has been accounting the interest on the loans as per the terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the financial statements. This is not confirmation of dues.

- 4) The Company received on 3rd April 2023 a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating that the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE- 112-TRUST) under section 5 of the SARFAESI Act,

There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

- 5) The Company has received a demand notice dated 20th May 2023 U/s 13(2) of the SARFAESI Act from Lender (Secured Creditor) to repay total outstanding dues of Rs.3,344.37 Crs, failing which Lender (Secured Creditor) will take appropriate action in accordance with the Law. The Company has replied to the said notice on 17th July 2023 explaining the disputes with the lenders and matter is being sub- judice and sought time for submission of Debt Resolution plan/ OTS. In response to the company reply, the Lender (Secured Creditor) reverted on 25th July 2023 disputing objections raised by the company and advised the company to expedite submission of Debt Resolution Plan/ OTS.

Accordingly, the Board of Directors at their meeting held 14th August 2023 and members in AGM held on 15th September 2023 approved the proposal of slump sale transaction of Ammonia / Urea and MI businesses along with related assets and liabilities, subject to fulfilment of Conditions Precedents (CP's), Sale of non-core assets of the company and Debt Resolution / OTS along with funding.

Subsequently, the Board of Directors at their Meeting held on October 09, 2023, have noted 1) order of the Hon'ble NCLAT, Chennai, dated October 05, 2023, setting aside the order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench, 2) the CP's needed for Slump Sale transaction, 3) Sale of non-core assets of the company and 4) Debt Resolution / OTS. Further, the Company is working towards fulfilment of CPs.

ACRE subsequently taken symbolic possession of the scheduled assets of the Company in its favour on October 12, 2023.

The company while continuing to work and was optimistic on fulfilling the critical CPs for the closure of the slump sale transaction has formally applied to ACRE for OTS as approved by the Board and Shareholders (without any prejudice to the rights of NFCL regards to ongoing debt disputes). ACRE on the 31st of October 2023 replied to the company's OTS proposal that the Settlement Proposal submitted to ACRE is not binding and tentative on fulfilment on CPs (which was tentative amongst other things energy claim approval/disbursal by Govt) and therefore was unable to consider and/or appraise the Settlement Proposal and communicated that it would continue to pursue the SARFAESI process.

Given the uncertainties of energy claim approval/reimbursement by GOI, the consequences of SARFAESI process in case the lender is unable to recover the total amounts due and to ensure an amicable debt resolution to ensure continuation of operation post debt resolution The Board of Directors on December 24, 2023, while asking the company to continue and speed up closure of CPs for the approved Slump Sale transaction, without prejudice, considered and approved the company to engage and work with ACRE on a One Time Settlement (OTS) under SARFAESI/directly (or a combination of both) if any in parallel to the current efforts on the Slump Sale transaction to amicably settle debt.

The OTS amount as benchmark provided by the Board for negotiations with ACRE on December 24, 2023, was the amount equal to or lower than the amount realised from sale of core and non-core assets and lower than the amounts due to ACRE. In terms of the mandate of the Board of Directors the company engaged with and vide letter agreement dated 12th January agreed to cooperate with ACRE, without prejudice to the rights of the company and guarantors for a One Time Settlement (OTS) under SARFAESI/directly. The OTS amount is the amount recovered by ACRE under SARFAESI through sale of core assets plus Rs 200 Crores through sale of non-core assets (non-current assets of the company). While the current assets are also fully charged to the secured creditor in case the OTS with ACRE is successful the current assets including energy claims would be primarily utilised by the company to settle operating creditors dues.

The Board of Directors on January 26, 2024, took note of the updates on slump sale process, SARFAESI process by ACRE, as part of the SARFAESI process after taking symbolic possession of assets, has issued a Public Notice for physical auction for sale of Movable and immovable properties of the Company under SARFAESI Act, 2002, vide email to the company dated January 17, 2024. ACRE in their public auction notice stated that as of December 2023 the company owed ACRE around Rs 3858 Crs including interest.

The Company has received an email communication dated April 17, 2024, from ACRE that it has received an offer from a bidder above the reserve price and the bidder has submitted an upfront amount of 25% of the purchase consideration, in line with the terms of the sale.

It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, in terms of the provisions of SARFAESI Act, 2002, read with rules made thereunder, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration in accordance with the terms of SARFAESI Act, 2002 and the rules.

ACRE vide email dated April 24, 2024, asked the company to deposit the proceeds/advances received from the sale of non-core assets as mandated by ACRE into fixed deposits lien marked in favour of ACRE. The sale of non-core assets shall take effect along with or after receipt of sale consideration from the sale of Core Assets under SARFAESI Act, 2022, by ACRE. The borrower/NFCL has since deposited the proceeds/advances it received from the sale into the lien marked Fixed Deposits as mandated by ACRE.

Considering the uncertainties and final outcome of the result of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking into account of the future plans of the company for continuation of business operations post debt settlement and given the above background on its efforts for OTS as Debt Resolution, the management is of the opinion that the preparation of the financial statements for the year ended 31st March 2024 as a Going Concern basis is still appropriate.

ACRE has taken symbolic possession to enable them to start the auction process, but has not imposed any restrictions on the operations of the company as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in the normal course of business. Subsidy claims are being raised in the name of the company as per the procedures laid by the Government and Subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial statements are prepared on a going concern basis, the Property, Plant and Equipment are continued to be disclosed as non-current operating assets at its carrying value.

- 6) Basis the economic indicators on performance of Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 by the management and perceive that there is no further impairment loss required to be recorded as there are no changes in the conditions prevalent as on the date of this balance sheet compared to the Balance Sheet as at 31 March 2023. Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.
- 7) Two international Arbitration Awards have been passed against the Company. Amounts awarded USD 1,52,75,688 (Rs.12,735.94 lakhs), GBP 7,42,944 (Rs. 782.27 lakhs), EUR 4,55,000 (Rs. 410.49 lakhs) and INR 221.39 lakhs and interest as applicable apart from costs based on claims filed. The company is disputing the claims and the awards. The matter is sub-judice pending for hearing before the courts of Hyderabad, Telangana, India.

The contingent liabilities/claims stated above are not confirmation of dues but record of disputes.

- 8) Amlika Mercantile Private Limited (AMPL), Core Promoter of the Company had preferred an appeal before Hon'ble National Company Law Appellate Tribunal (NCLAT), Chennai, against the Order dated 27.08.2021, passed by the 'National Company Law Tribunal', Hyderabad Bench, admitting the Nagarjuna Fertilizers and Chemicals Limited (NFCL) into Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016. Basis the appeal of AMPL, Hon'ble NCLAT, Chennai, vide order dated October 05, 2023, has allowed the appeal by setting aside "the impugned order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench. Thereby, the Company exited CIRP under IBC, 2016 effective October 05, 2023. AMPL has claims the legal expenses, amount not ascertained, for the NCLAT appeal filed on behalf of the Company and the company is liable to reimburse the legal expenses to AMPL.
- 9) Government of India announced New Urea Policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector which are effective from 1st June 2015 to 31st Mar 2019. Government of India extended the NUP -2015 from 1st April 2019 until further orders. Income from Urea Operations has been recognised in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been recognized during the Quarter/ Year in terms of the said policies. Adjustments required, if any, will be considered on notification of final prices. The Government from time to time extended the preset energy norms which were valid till 31st March 2023. Accordingly, Subsidy income is recognized based on Target Energy Norms as per NUP-2015 policy for the Quarter/Year ended March 2024.
- 10) The Company has been using the "Nagarjuna Brand / Trademarks" for its urea and other products under a license agreement Dt 29/01/1998 with the grantor, a related party. The company, during the period ended on 31.12.2021, received a claim from the grantor asserting its right to royalty for the period from 29/01/1998. The said claim is being negotiated with the grantor for settlement.
- 11) The Company is pursuing various claims with the Government including reimbursement of Energy consumed, State Electricity Duty paid, Reliance Marketing Margin and IGST.
- 12) Pursuant to the fire accident on 27th June 2014 to the gas pipeline at Tatipaka and shutting down of supply of Natural Gas to NFCL, a dispute arose between GAIL and NFCL wherein a Sole Arbitrator has been appointed by Hon'ble Delhi High Court for adjudicating a claim raised by NFCL against GAIL. After hearing the matter, the Hon'ble Sole Arbitrator passed an Award upholding GAIL's claim of Force Majeure on 13.03.2023.
- 13) The wholly owned subsidiary, JESCO, went into Voluntary Liquidation under IBC with effect from April 25, 2022. Further to the above, the liquidator after completing all formalities of voluntary liquidation proceedings had filled the petition for dissolution of the company on 01.10.2023 with NCLT, Bangalore. Consequent to the letter dated 17th February 2024 received from Amlika Mercantile Private Limited (AMPL), a sole Creditor, the Liquidator of the JESCO has filed a memo for withdrawal of Voluntary Liquidation Proceedings on 05.04.2024. The Liquidator of the Petitioner Company has inter alia stated that Petitioner Company is not in a position to pay for the outstanding liability of Rs. 1,06,82,828/- to AMPL and seeks permission to withdraw the instant Petition and to hand over the management of the Petitioner Company back to its directors. Considering the aforesaid submissions and taking into record the Memo for withdrawal filed by the Liquidator the instant Petition bearing CP (IB) No.164/BB/2023 for Voluntary Liquidation Proceedings of the company is dismissed By NCLT Bangalore as withdrawn on 16/04/2024. The financials of the subsidiary for the Quarter / Year ended 31st March 2024, received from the liquidator have been consolidated.

- 14) The consolidated results include results of associate company KVK Raju International Leadership Ltd.
- 15) The figures for the quarter ended 31 March 2024 and 31 March 2023 are the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures up to December 31, 2023, and December 31, 2022, respectively.
- 16) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable with those of the current periods.

**HYDERABAD**  
**20th May 2024**



**K. RAHUL RAJU**  
**MANAGING DIRECTOR**

**Nagarjuna Fertilizers and Chemicals Limited**  
**Consolidated Balance Sheet as at 31st March 2024**

Rs.in Lakhs

	Particulars	As at March 31, 2024	As at March 31, 2023
<b>1</b>	<b>ASSETS</b>		
	<b>Non-current assets</b>		
	(a) Property, Plant and Equipment	66,992.50	1,35,256.20
	(b) Capital work-in-progress	10.00	18.68
	(c) Financial Assets		
	(i) Investments	-	-
	(ii) Others	480.60	451.41
	(d) Deferred tax assets (net)	821.52	-
	<b>Total</b>	<b>68,304.62</b>	<b>1,35,726.29</b>
	<b>Current assets</b>		
	(a) Inventories	6,543.36	7,221.62
	(b) Financial Assets		
	(i) Trade receivables	43,925.95	39,693.79
	(ii) Cash and cash equivalents	1,017.05	1,799.86
	(iii) Bank balances, other than (ii) above	2,003.12	2,240.86
	(iv) Others	8,646.76	61.94
	(c) Current Tax Assets (Net)	60.73	243.53
	(d) Other current assets	7,507.87	7,193.45
	<b>Total</b>	<b>69,704.84</b>	<b>58,455.05</b>
	<b>Total Assets</b>	<b>1,38,009.46</b>	<b>1,94,181.34</b>
<b>2</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity Share capital	5,980.65	5,980.65
	(b) Other Equity	(3,41,190.74)	(2,12,957.92)
	Non Controlling interest	(0.22)	(0.20)
	<b>Total</b>	<b>(3,35,210.31)</b>	<b>(2,06,977.47)</b>
	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	-	1,213.06
	(ii) Other financial liabilities	6,905.51	6,983.06
	(b) Provisions	61.56	585.28
	(c) Deferred tax liabilities (Net)	-	477.13
	(d) Other non-current liabilities	-	-
	<b>Total</b>	<b>6,967.07</b>	<b>9,258.53</b>
	<b>Current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	3,26,100.93	2,82,976.67
	(ii) Trade payables		
	(A) Total outstanding dues of Micro enterprises and Small Enterprises	132.81	83.85
	(B) Total outstanding dues of creditors other than micro and small enterprises.	1,35,802.35	1,04,485.32
	(iii) Other financial liabilities (other than those specified in item (c) below)	2,808.47	1,788.52
	(b) Other current liabilities	1,223.30	1,967.70
	(c) Provisions	184.84	598.22
	<b>Total</b>	<b>4,66,252.70</b>	<b>3,91,900.28</b>
	<b>Total Equity and Liabilities</b>	<b>1,38,009.46</b>	<b>1,94,181.34</b>

**Nagarjuna Fertilizers and Chemicals Limited**  
**Consolidated Cash Flow Statement for the Year ended 31st March 2024**

Rs.in Lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(1,29,773.43)	(1,13,718.21)
<i>Adjustments:</i>		
Depreciation and Amortisation	4,968.78	7,926.99
Impairment of Assets	63,407.20	67,519.40
Provision for Doubtful Debts / Advances	787.12	327.17
Reversal of provision	-	-
Finance Cost	47,912.63	52,594.29
Imparment of CWIP	-	-
Deferred government grant	(345.79)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	(628.79)	(6.89)
<b>Operating Profit before working capital changes</b>	(13,672.28)	14,294.84
<i>Movements in working capital:</i>		
Increase/(decrease) in trade payables	31,365.99	5,801.86
Increase/(decrease) in long term provisions	(281.77)	485.29
Increase/(decrease) in short term provisions	(413.38)	53.19
Increase/(decrease) in other current liabilities	(398.58)	(2,113.48)
Increase/(decrease) in other current financial liabilities	1,019.95	207.78
Increase/(decrease) in other long term liabilities	(77.55)	(3.67)
Decrease/(increase) in trade receivables	(5,019.28)	8,472.26
Decrease/(increase) in inventories	678.26	(2,581.40)
Decrease/(increase) in Non-current - Other Financial Assets	(29.19)	23.63
Decrease/(increase) in other current assets	(314.43)	(1,262.23)
Decrease/(increase) in other Current financial assets	(8,584.82)	699.00
Cash generated from/(used) in operations	4,272.92	24,077.07
(Direct Taxes Paid -net of refunds)	182.80	119.89
<b>Net cash flow from / (used) in operating activities</b>	4,455.72	24,196.96
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP/Capital advances	(104.12)	(81.03)
Proceeds from Margin Money Deposits	237.74	18.21
Proceeds from Sale of fixed assets	629.31	9.16
<b>Net cash flow from / (used) in investing activities</b>	762.93	(53.66)
<b>C. Cash flow from Financing activities</b>		
Repayment of long term borrowings	(877.16)	(298.45)
Finance Costs paid	(13,857.86)	(31,690.29)
<b>Net cash flow from / (used) in financing activities</b>	(14,735.02)	(31,988.74)
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	(9,516.37)	(7,845.44)
<b>Cash and Cash Equivalents as at beginning of the year</b>	(1,29,664.77)	(1,21,819.33)
<b>Cash and Cash Equivalents as at end of the period</b>	(1,39,181.14)	(1,29,664.77)

**Notes:**

Rs. in Lakhs

<b>Cash and Cash Equivalents comprises of</b>		
Balances with Banks		
In Current Accounts	999.62	1,784.06
Cash on hand	17.43	15.78
Cash and Cash Equivalents	1,017.05	1,799.84
Less: Cash Credit	1,40,198.19	1,31,464.61
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	(1,39,181.14)	(1,29,664.77)



**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
2339 3967, 2332 1470  
FAX : (91-40) 2339 2474  
E-mail : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

**Auditor's Report on consolidated audited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To The Board of Directors**

**Nagarjuna Fertilizers and Chemicals Limited**

**I. Qualified Opinion**

We have audited the accompanying statement of consolidated financial results of M/s Nagarjuna Fertilizers and Chemicals Limited ("the Holding Company") and its subsidiary ("the Holding Company" and its subsidiary referred to as, "the Group") and its associate for the quarter ended 31st March 2024 and for the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 ("the statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Requirements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements/information of the subsidiary, except for the possible effects of the matters described the "Basis for Qualified Opinion" section of our report, "the statement":

- i) includes the results of the following entities:
  - a) Nagarjuna Fertilizers and Chemicals Limited (Parent)
  - b) Jaiprakash Engineering and Steel Company Limited (Subsidiary)
  - c) KVK Raju International Leadership Limited (Associate)
- ii) is presented in accordance with the requirements of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Requirements") and
- iii) Give a true and fair view in conformity with the aforesaid Indian Accounting standards and other accounting principles generally accepted in India of the consolidated loss and total comprehensive loss and other financial information of "the group" for the quarter ended 31st March 2024 and for the year ended 31st March 2024.





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

## II. Basis for Qualified Opinion

We refer to Note No: 3 to “the statement” wherein “the Holding Company” explained that the lenders (Banks) of “the Holding Company” have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015 and though “the Holding Company” represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, “the Holding Company” filed cases against the lenders in the Hon’ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared as NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/ confirmation of balances to “the Holding Company” since 6 years. In this background “the Holding Company” has been accounting the interest on the loans as per the terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the consolidated financial statements.

We refer to Note No: 4 to “the statement” wherein “the Holding Company” stated that on 3rd April 2023, “the Holding Company” received a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE-112-TRUST) under section 5 of the SARFAESI Act. There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

In the absence of independent audit evidence from the lenders on the date(s) from which the loan accounts have been classified as NPAs, outstanding amount of borrowings at the end of every year, interest accrued thereon, period and amount of default in repayment of loans and payment of interest thereon disclosed in “the consolidated financial statements” and continuing the outstanding borrowings with the existing lenders (Banks), we are unable to express an opinion whether any adjustments are required to be made to the outstanding balance of borrowings as at the year end, interest on the borrowings charged to the consolidated statement of profit and loss for the year and the period and amount of default in repayment of principal and payment of interest disclosed in “the consolidated financial statements”.

We conducted our audit of the financial statements of “the Group” in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of Financial Statements of “the Group” section of our report. We are independent of “the Group” in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements of “the Group” under the provisions of the Act and the Rules made thereunder, and





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements of "the Group"

### III. Material uncertainty related to going Concern

1. We Refer to Note No.3 to "the statement" wherein "the Holding Company" stated that it has been incurring recurring losses resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ Year ended 31st March, 2024, the Company's current liabilities exceeded the current assets by Rs.3,96,547.86 Lakhs.

The company, during the year under review, continued to default in discharging its obligations for repayment of Loans and settlement of other financial and non-financial liabilities including statutory dues on the due dates. The lenders have been treating the loans to "the Holding Company" as Non-Performing Assets since last six years.

We Refer to Note No.5 to "the statement" wherein "the Holding Company" stated that it has received a demand notice dated 20th May 2023 u/s 13(2) of the SARFAESI Act from Lender (Secured Creditor) to repay total outstanding dues of Rs 3,344.37crores. ACRE, as part of the SARFAESI process after taking symbolic possession of assets (on October 12, 2023), has issued a Public Notice for auction of sale of Movable and immovable properties of the Company under SARFAESI Act, 2002, vide email to the company dated January 17,2024. ACRE in their public auction notice stated that as of December 2023 "the company" owed ACRE around Rs. 3858 Crs including interest. The Company has received an email communication dated April 17, 2024, from ACRE that it has received an offer from a bidder above the reserve price and the bidder has submitted an upfront amount of 25% of the purchase consideration, in line with the terms of the sale. It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration

The above events and conditions indicate material uncertainty which cast a significant doubt on the ability of "the Group" to continue as a going concern, and therefore may be unable to realize its assets and discharge its liabilities including potential liabilities in the normal course of its business. The ability of "the Group" to continue as going concern is solely dependent on the successful restructuring resolution plans and raising of the required additional funds by "the Holding company".

However, the management is of the opinion that the preparation of the financial statements of "the Company" for the quarter and year ended 31st March, 2024 as going concern is still appropriate considering the uncertainties and final outcome of the result of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking of the future plans





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

of the company for continuation of business operations and given the above background on its effort for OTS as Debt Resolution.

2. We Further refer to Note 5, that ACRE has taken symbolic possession to enable them to start auction process, but has not imposed any restrictions on the plant operations as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in normal course of business. subsidy claims are being raised in the name of the company as per the procedures laid by the Government and subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial statements are prepared on a going concern basis, the Property, Plant and Equipment are continued to be disclosed as Non Current operating assets at its carrying value.

***Our conclusion is not modified in respect of this matter.***

#### **IV. Emphasis of Matter Paragraph**

We refer to the following notes to "the Statement":

- a) Note No 6: The Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 and management perceive that there is no further impairment loss required to be recorded.  
Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss of Rs. 63,407.20 Lakhs as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.
- b) Note No 7: The claims as per the International Arbitration Awards passed against "the Holding Company" in September 2016 and October 2017, aggregating to USD 15,275,688, GBP 742,944 and EUR 455,000 and INR 221.39 Lakhs (equivalent Aggregate amount of Rs. 14,150.09 Lakhs) and interest thereon as applicable apart from costs, are continued to be shown as a contingent liability since the matter being sub-judice.
- c) Note No 8: Hon'ble NCLT admitted a petition filed by an operational creditor to initiate the CIRP against "the Holding Company" under the provisions of the IBC 2016, Amlika Mercantile Private Ltd (One the of Promoter of "the Holding Company") appealed against the order of Hon'ble NCLT. The NCLAT has set aside the this CIRP proceedings under IBC and currently "the Holding Company" is out of CIRP. AMPL has claims the legal expenses for the NCLAT appeal filed on behalf of "the Holding Company" and "the Holding Company" is liable to reimburse the legal expenses to AMPL.





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

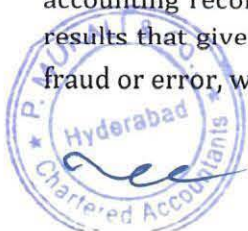
- d) Note No 9: "The Holding Company" has recognised Income from Urea Operations, Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation/de-escalation during the quarter in terms of new Urea policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector. Adjustments, if any, required will be considered on notification of final prices
- e) Note No 10: Claim from a related party asserting its right for Royalty for the period from 29.01.1998 onwards, is being negotiated with the granter for settlement.
- f) Note No 12: Pursuant to the fire accident on 27th June 2014 to the gas pipeline at Tatipaka and shutting down of supply of Natural Gas to NFCL, a dispute arose between GAIL and NFCL wherein a Sole Arbitrator has been appointed by Hon'ble Delhi High Court for adjudicating a claim raised by NFCL against GAIL. After hearing the matter, the Hon'ble Sole Arbitrator passed an Award upholding GAIL's claim of Force Majeure on 13.03.2023.
- g) Note No 13: Initially the wholly owned subsidiary, JAIPRAKASH ENGINEERING AND STEEL COMPANY LIMITED (JESCO), went into Voluntary Liquidation under IBC with effect from 25<sup>th</sup> April, 2022 and later the Liquidator has filed a memo for withdrawal of Voluntary Liquidation proceedings on 05.04.2024 and the same is been dismissed by NCLT, Bangalore. The financials of the subsidiary for the quarter/ year ended 31<sup>st</sup> March 2024, have been considered into consolidation.

**Our conclusion is not modified in respect of the above matters.**

#### **V. Management's Responsibilities for the Consolidated Financial Results**

These quarterly financial results as well as the year-to-date consolidated financial results have been prepared on the basis of the financial statements.

"The Holding Company's" Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit/ loss and other comprehensive Loss and other financial information of "the Group" in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in "the Group" are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of "the Group" 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.p murali.com

results by the Directors of "the Holding Company", as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in "the Group" 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 the respective Board of Directors 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".

#### **VI. Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ❖ Identify and assess the risks of material misstatement of the consolidated financial results, 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 controls.
- ❖ Obtain an understanding of internal control 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 Group" has 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 the Board of Directors.
- ❖ Conclude on the appropriateness of the Board of Directors' 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 ability of "the Group" 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 results or, if such disclosures are inadequate, to modify our opinion.





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

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 Group" to cease to continue as a going concern.

- ❖ Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- ❖ Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within "the Group" to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the "Holding Company" and such other entity included in the consolidated financial results of which we are the independent auditors 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

## VII. Other Matters:

- I. The consolidated Financial Results include the audited Financial Results of the subsidiary, whose interim Financial Statements/Financial Results/ financial information reflect in "the Group's" share of total assets of Rs. 0.24 Lakhs as at 31st March, 2024, "the Group's" share of total revenue of Rs. NIL and Rs. NIL Lakhs and "the Group's" share of total net loss after tax of Rs. NIL Lakhs and Rs. (10.42) Lakhs for the quarter ended 31st March, 2024 and for the period from 1st April, 2023 to 31st March, 2024 respectively, as considered in the consolidated Financial Results, which have been audited by such other independent auditor. The independent auditor's report on interim financial statements/Financial Results/financial information of the entity have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such other auditor and the procedures performed by us as stated in the paragraph above.





**P. MURALI & CO.,**  
CHARTERED ACCOUNTANTS  
6-3-655/2/3, SOMAJIGUDA,  
HYDERABAD - 500 082. INDIA

Tel. : (91-40) 2332 6666, 2331 2554  
(91-40) 2339 3967, 2332 1470  
(91-40) 2332 2119, 2331 7032  
Fax : (91-40) 2339 2474  
Email : pmurali.co@gmail.com  
info@pmurali.com  
Website : www.pmurali.com

- II. "The statement" includes the results for the quarter ended 31 March 2024 being the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures up to December 31st, which were subjected to the limited review by us.

**For P Murali & Co.**  
**Chartered Accountants**  
**FRN: 007257S**



**A. Krishna Rao**  
**Partner**  
**M.No. 020085**  
**UDIN: 24020085BKAUHJ4231**

**Date: 20/05/2024**  
**Place: Hyderabad**

ANNEXURE1

Statement of Impact of Audit Qualifications (for audit report with modified opinions) submitted along with Annual Audited Financial Results-(Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024

[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulation, 2016]

NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED, HYDERABAD  
CONSOLIDATED

	Sl.No.	Particulars	Audited Figures	Adjusted Figures
1.	1.	Turnover/Total Income	4,78,731.80	4,78,731.80
	2.	Total Expenditure	6,06,964.63	6,06,964.63
	3.	Net Profit/(Loss)	(1,28,232.83)	(1,28,232.83)
	4.	Earnings per Share	(21.47)	(21.47)
	5.	Total Assets	1,38,009.46	1,38,009.46
	6.	Total Liabilities	4,73,219.77	4,73,219.77
	7.	Net Worth	(3,35,210.31)	(3,35,210.31)
	8.	Any other financial item(s)		
II.	<b>Audit Qualification (each audit qualification separately):</b>			
	a. Details of Audit Qualification:			
	<b>Audit Qualification 1:</b>			
	1. We refer to Note No: 3 to "the statement" wherein "the Holding Company" explained that the lenders (Banks) of "the Holding Company" have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015 and though "the Holding Company" represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, "the Holding Company" filed cases against the lenders in the Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared as NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/confirmation of balances to "the Holding Company" since 6 years. In this background "the Holding Company" has been accounting the interest on the loans as per the terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the consolidated financial statements.			

We refer to Note No: 4 to "the statement" wherein "the Holding Company" stated that on 3rd April 2023, "the Holding Company" received a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE-112-TRUST) under section 5 of the SARFAESI Act. There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

In the absence of independent audit evidence from the lenders on the date(s) from which the loan accounts have been classified as NPAs, outstanding amount of borrowings at the end of every year, interest accrued thereon, period and amount of default in repayment of loans and payment of interest thereon disclosed in "the consolidated financial statements" and continuing the outstanding borrowings with the existing lenders (Banks), we are unable to express an opinion whether any adjustments are required to be made to the outstanding balance of borrowings as at the year end, interest on the borrowings charged to the consolidated statement of profit and loss for the year and the period and amount of default in repayment of principal and payment of interest disclosed in "the consolidated financial statements".

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of qualification: Third time

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's views: AUDITOR HAS NOT QUNTIIFIED

e. For Audit Qualifications(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Qualification 1 - NIL

(ii) If Management is unable to estimate the impact, reasons for the same:

Qualification 1:

**There is no clear information on when the loans were declared as NPAs by Banks / lenders. In the absence of loan statements / confirmation of balances, interest demands by banks, the company has been accounting interest on loans as per the terms of Corrective Action Plan (CAP) and sanction letters. The outstanding bank borrowings (CAP loans and other facilities) are disputed and sub-judice.**

There is no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., to the ACRE-112-TRUST by 31.03.2023. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

The audit qualification is "there is no confirmation of dues", the impact of qualification therefore is not quantifiable.

(iii) Auditor's comments on (i) above: NIL

III. Signatories:

- Managing Director:

  
KRAHUL RAJU

- Chief Financial Officer:

  
A. SUDHAKARA RAO

- Audit Committee Chairman:

  
RAJENDRA MOHAN GONELA

- Statutory Auditor:

  
A. KRISHNA RAO  
P. Murali & Co Chartered Accountants



Place: Hyderabad  
Date: 20<sup>th</sup> May 2024