Registered Office :
Nagarjuna Hills,
Hyderabad - 500 082. INDIA
Phones : 23357200, 23357204
23357589, 23356859
Fax : (91-40)23354788
Website: www.nagarjunafertilizers.com
CIN - L24129AP2006PLC076238

NAGARJUNA GROUP
Nagarjuna Fertilizers and Chemicals Limited

August 13, 2021

To
BSE Limited
P J Towers, Dalal Street, Fort
Mumbai 400001

Scrip Code: 539917

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

Symbol: **NAGAFERT**

Dear Madam / Sir,

Sub: Outcome of Board Meeting

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have to inform that the Board of Directors of the Company at their meeting held today i.e., August 13, 2021, had, inter alia, approved the unaudited Standalone and Consolidated Financial Results for the quarter ended June 30, 2021, in accordance with the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A copy of the approved unaudited Financial Results along with limited review report is enclosed.

The Meeting of the Board of Directors concluded at 04:00 P.M.

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 and Consolidated Unaudited Financial Results for the Quarter Ended June 30, 2021

Rs. In Lakhs

Sl No	PARTICULARS	Standalone				Consolidated			
		Quarter ended			Year ended	Quarter ended			Year ended
		30-06-2021 (Unaudited)	31-03-2021 (Audited)	30-06-2020 (Unaudited)	31-03-2021 (Audited)	30-06-2021 (Unaudited)	31-03-2021 (Audited)	30-06-2020 (Unaudited)	31-03-2021 (Audited)
I	Revenue from Operations	64,418.66	40,106.88	46,449.32	1,57,490.71	64,418.66	40,106.88	46,449.32	1,57,490.71
II	Other Income	144.69	978.82	275.27	2,434.64	144.84	978.98	275.50	2,435.37
III	Total income (I+II)	64,563.35	41,085.70	46,724.59	1,59,925.35	64,563.50	41,085.86	46,724.82	1,59,926.08
IV	Expenses								
	a) Cost of materials consumed	31,560.83	21,347.96	19,258.69	73,241.25	31,560.83	21,347.96	19,258.69	73,241.25
	b) Purchase of Stock-in-Trade	1.38	124.79	40.20	267.12	1.38	124.79	40.20	267.12
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	(3,008.60)	389.30	3,640.59	4,320.12	-3,008.60	389.30	3,640.59	4,320.12
	d) Power and Fuel	32,178.77	18,086.23	15,873.96	58,748.78	32,178.77	18,086.23	15,873.96	58,748.78
	e) Employee Benefits Expense	2,277.02	2,974.20	2,348.29	9,679.52	2,277.02	2,974.20	2,348.29	9,679.52
	f) Finance cost	8,724.66	8,396.98	8,617.35	34,779.28	8,724.66	8,396.98	8,617.35	34,779.29
	g) Depreciation and Amortization Expense	2,052.68	2,031.78	2,035.65	8,223.83	2,052.68	2,031.78	2,035.65	8,223.83
	h) Other Expenses	5,421.18	7,684.75	4,210.62	21,892.40	5,421.32	7,685.05	4,211.13	21,893.33
	Total expenses	79,207.92	61,035.99	56,025.35	2,11,152.30	79,208.06	61,036.30	56,025.86	2,11,153.24
V	Profit / (Loss) before exceptional items and tax (III-IV)	(14,644.57)	(19,950.29)	(9,300.76)	(51,226.95)	(14,644.56)	(19,950.43)	(9,301.05)	(51,227.16)
VI	Exceptional Items	9,043.64	-	-	14,082.00	9,043.64		-	14,082.00
VII	Profit / (Loss) before Tax (V-VI)	(23,688.21)	(19,950.29)	(9,300.76)	(65,308.95)	(23,688.20)	(19,950.43)	(9,301.05)	(65,309.16)
VIII	Tax Expense:								
	(a) Current Tax	-	-	-	-		-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-		-	-
	(c) Deferred Tax	(534.12)	1,949.26	(767.65)	(3,775.86)	(534.12)	1,949.26	(767.65)	(3,775.86)
		(534.12)	1,949.26	(767.65)	(3,775.86)	(534.12)	1,949.26	(767.65)	(3,775.86)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(23,154.09)	(21,899.55)	(8,533.11)	(61,533.09)	(23,154.08)	(21,899.69)	(8,533.40)	(61,533.30)
X	Other Comprehensive Income (net of tax)								
	A Items that will not be reclassified to profit or loss								
	(i)Re-measurement gains / (losses) on defined benefit plans	-	(90.43)	-	(90.43)	-	(90.43)	-	(90.43)
	(ii) Income tax relating to these items	-	31.29	-	31.29	-	31.29	-	31.29
	B (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	(ii) Income tax relating to these items	-	-	-	-	-	-	-	-
	Total Other Comprehensive income, net of tax	-	(59.14)	-	(59.14)	-	(59.14)	-	(59.14)
XI	Total Comprehensive Income (XIII+XIV)	(23,154.09)	(21,958.69)	(8,533.11)	(61,592.23)	(23,154.08)	(21,958.83)	(8,533.40)	(61,592.44)
XII	Paid-up Equity Share Capital (Face Value of Rs. 1/- per share)	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
XIII	Other Equity	(23,154.09)	(21,958.69)	(8,533.11)	(56,203.42)	(23,154.09)	(21,958.83)	(8,533.11)	(54,413.72)
XIX	Earning Per Share (of Rs.1/- each)								
	- Basic and Diluted	(3.87) (Not Annualised)	(3.66) (Not Annualised)	(1.43) (Not Annualised)	(10.29)	(3.87) (Not Annualised)	(2.24) (Not Annualised)	(1.43) (Not Annualised)	(10.29)

Notes:

1) **The above results were approved by the Board of Directors at their respective meetings held on 13th August 2021.**

2) **The Statutory Auditors have carried out Limited review of the above financial results for the Quarter ended June 30, 2021**

3) **Exceptional Items :**

i) Unabosrbed IGST : The company was acting as Fertilizer Market Entity for Government of India, Ministry of Fertilizers for sale and distribution of Imported urea during the earlier years. The company has paid IGST on imports upto 26/07/2018 after which date levy of IGST on such import was withdrawn by Notification No 55/ 2018 -Customs dated 26.07.2018 – issued by Government of India, Ministry of Finance (Dept of Revenue). Since the IGST could not be utilised against the output tax liability on the urea sold, the company had submitted a claim for refund of Rs. 3,617.24 lakhs on 20/3/2019 to Dept of Fertilizers, New Delhi seeking compensation for the aforesaid unabsorbed IGST amount. The Company consequently also reversed the aforesaid unabsorbed amount in its GSTR – 3B return for February 2019.
Since the Company has not received any definitive response to its claim despite 2 years having elapsed from Dept of Fertilizers, the Company considered it prudent for accounting purposes, not to carry the claim amount of Rs. 3,617.24 lakhs and has expensed it during the quarter. However, the company will continue to pursue its claim with the Department of Fertilizers.

ii) Electricity Duty Demand : The Company received a demand for an amount of Rs 5,426.41 Lakhs from the Director Electrical safety and Chief Electrical inspectors towards electricity duty on captive power generation @ 25 Paisa per unit for the period of March 2003 to May 2013. The company filed a Writ Petition against the State Government of Andhra Pradesh and Chief Electrical Officer in relation to payment of Electricity duty @ rate of 25 Paisa per unit stating the very concept of the setting up of Captive Power Plant will be defeated by this additional levy. The High Court of Andhra Pradesh dismissed the appeal filed by the Company. The Company filed an SLP No.23005 / 2016 in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court directed the Company, under different orders to deposit with it, pending disposal of the case, an amount of Rs.3255.85 Lakhs which was deposited under protest by the Company accordingly during the financial year 2016-17 . Matter is still pending in Hon'ble Supreme court of India. The Company has been advised that it is prudent for accounting purposes to recognise the entire demand of Rs.5426.41 Lakhs as a liability instead of continuing to disclose it as a contingent liability. Consequently the said liability has been recognised in the accounts during this quarter and is carried at the net amount after setting off the amount said deposited thereagainst.

4) **The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation and Agri Services businesses. The financial results of Micro Irrigation and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, are neither disclosed as separate segments nor are combined as "all other segments" for the purposes of disclosures under Ind AS 108 - Operating Segments.**

5) **The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy. The company suffered losses on account of accident in GAIL Pipe Line during 2014 and disrupting the production. The company approached its bankers for a corrective action and the lenders formed a JLF in 2015 and sanctioned the CAP funding of Rs. 3050 Crs (850 Crores Fund Based + 2200 Crores Non-Fund Based) and Rs 800 Crs Working Capital Term Loan to shore up networking capital. The company did not receive such funding completely as assessed for rectification and had to suffer further losses which eventually led to stoppage of production in 2018.**

Due to inadequate working capital, financial stress and continued losses on account of stoppage of production activities at plant during 2018, the company has taken up with its Lenders for a long-term financial Resolution Plan (RP). Lenders held a series of Joint Lenders Meetings, since the company requested the RP, for suggestions of all the other lenders.

The lenders have initially approved 'Holding on Operations' (HOO) from December 2018 and have been extended HOO to amicably resolve the debt issues with the company in the interests of all stakeholders (valid till December 31, 2021) which has facilitated operations of one Urea Plant from December 2018 till February 2021 and thereafter both the urea plants from March 2021. In view of operating both plants during the quarter and at lower capacity 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 end, the Company's current liabilities exceeded current assets by Rs. 2,53,157.83 Lakhs (net current liabilities excluding contingent liabilities).

Lenders approved the resolution plan in March 2020, amongst other things, include Segregation of debt into sustainable and unsustainable, reduction in the rate of interest, infusion of fresh equity and additional debt. Post conclusion of the Resolution Plan, the lenders made arbitrary changes to the proposal of 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. The Hon'ble High Court granted stay on any proceedings against the company until further orders and the case is currently under disposal with the Court. The company had filed contempt cases against 2 lenders who have invoked IBC in violation of High Court orders and the case is currently under disposal of the Court. Notwithstanding the legal proceedings, the Company is actively working amicably to resolve the disputes with lenders and for completion of resolution plan.

Keeping in view the status of discussions with lenders, the Company is hopeful of a positive outcome and approval of resolution plan.

6) The company is in default of principal and interest during the quarter / period on the borrowings from various lenders on account of continued losses. The lenders have classified the company's account as NPA in the financial year 2018-19. Pending resolution of the CAP and other loans (working capital and term loans in the books of the Company) and receipt of confirmation of balances from various lenders, the Company has accounted for the interest / penal interest during the quarter/ year based on the prevailing rate of interest and as per CAP and other loan arrangements. Adjustments, if any, for the interest and penal interest accounted will be dealt on completion and on the outcome of Resolution Plan.

7) In relation to some of the contracts, international Arbitration Awards have been passed against the Company

(i) in September 2016 for USD 14,398,188 (Rs 10,704.42 Lakhs) and GBP 690,630 (Rs. 710.99 Lakhs) and interest as applicable apart from costs based on a claim filed by one of the Suppliers of Fertilizers to the Company. The Company is of the view that the Award has been obtained based on documents tampered with and mis-representations of facts by said supplier. The Company has been legally advised that the award is not maintainable and has also filed a Criminal Complaint before the Metropolitan Magistrate of Hyderabad against the supplier and its officials. In view of the current pandemic Covid-19, the Matter yet to be listed for hearing.

(ii) in October 2017, for USD 877,500 (Rs. 652.38 Lakhs), EUR 455,000 (Rs. 402.69 Lakhs), GBP 52,314 (Rs. 53.86 Lakhs) and INR 221.39 Lakhs and interest as applicable apart from costs based on a claim filed by one of the Vendors based on the work orders issued for proposed Project -Plant 3. The Company is of the view that as per the contract entered, the amounts are payable only upon (a) the announcement of a fertilizer policy and (b) that the fertilizer policy being found favourable for the Project of the Company. Since the policy announced by the Government of India was not favourable / conducive for the project, hence the Company could not proceed further and the said award is not maintainable. In view of the current pandemic Covid-19, the Matter yet to be listed for hearing.

While the Company is contesting the enforcement of the Awards in the Courts in India a sum of Rs. 557 lakhs have been provided for in the books in FY 2018-19 in respect of matter stated in para (ii) above. Further, since the matter being sub-judice, the said claims have continued to be treated as contingent liability.

8) 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 accounted in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been accounted during the quarter/ year in terms of the said policies. Adjustments, if any, required will be considered on notification of final prices.

9) The Company has assessed the impact of COVID – 19 and concluded that there is no material impact on the operations of the Company and no material adjustment is required at this stage in the results of the Company for the quarter ended June 30, 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainities with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these results.

10) Figures for the quarter ended 31 March 2021 are the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures upto December 31, 2020.

11) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable.

KANUMURU RAHUL RAJU

Digitally signed by KANUMURU RAHUL RAJU
DN: c=IN, o=EDUCATION, ou=EDUCATION, postalCode=500033, st=TELANGANA, serialNumber=9a9669f0f576f4ed27d513837889dff60626d919c57ccc54f714e6fb71fbc08, cn=KANUMURU RAHUL RAJU
Date: 2021.08.13 16:00:06 +05'30'

HYDERABAD
13th August, 2021

K. RAHUL RAJU
MANAGING DIRECTOR

Balance Sheet

₹ in Lakhs

Particulars	Standalone	
	As At June 30, 2021 (Unaudited)	As At March 31, 2021 (Audited)
I. ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment	2,16,747.50	2,18,787.16
(b) Capital work-in-progress	447.88	442.08
(c) Financial Assets		
(i) Investments	-	-
(ii) Loans	690.12	708.83
(iii) Other Financial Assets	2.73	2.73
(d) Other Non-Current Assets	-	-
Total non-current Assets	**2,17,888.23**	**2,19,940.80**
2. Current Assets		
(a) Inventories	7,866.99	4,828.13
(b) Financial Assets		
(i) Trade Receivables *	43,838.14	19,884.49
(ii) Cash and Cash Equivalents	4,029.36	8,306.74
(iii) Bank Balances other than (ii) above	2,206.40	2,206.40
(iv) Loans	53.22	3,309.19
(v) Other Financial assets	1,532.03	1,720.87
(c) Current Tax Assets (Net)	166.28	111.72
(d) Other Current Assets	6,826.71	6,091.99
Total current assets	**66,519.13**	**46,459.53**
Total - Assets	**2,84,407.36**	**2,66,400.33**
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	5,980.65	5,980.65
(b) Other Equity	(79,357.51)	(56,203.42)
Total Equity	**(73,376.86)**	**(50,222.77)**
Liabilities		
1. Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	2,843.96	2,788.10
(ii) Other Financial Liabilities	7,452.00	7,517.42
(b) Provisions	650.35	615.53
(c) Deferred Tax Liabilities (Net)	26,554.23	27,088.35
(d) Government grants	606.72	693.70
Total non-current liabilities	**38,107.26**	**38,703.10**
2. Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,59,346.00	1,57,194.65
(ii) Trade Payables		
(a) Micro Enterprises and Small Enterprises	127.69	135.68
(b) Other than Micro Enterprises and Small Enterprises	80,297.39	43,445.31
(iii) Other Financial Liabilities	78,176.21	75,293.79
(b) Other Current Liabilities	1,124.16	1,255.89
(c) Government grants	347.91	347.91
(d) Provisions	257.60	246.77
Total current liabilities	**3,19,676.96**	**2,77,920.00**
Total liabilities	**3,57,784.22**	**3,16,623.10**
Total Equity and Liabilities	**2,84,407.36**	**2,66,400.33**

* The subsidy is credited to an Escrow Account maintained with IDBI Bank. GAIL has a first preference as per Escrow Agreement between GAIL, NFCL & IDBI.

Department of Fertilizers (DOF) has revised the Office Memorandum on subsidy sharing mechanism vide No 12012/30/2013-FPP dated 17.05.2021, to transfer 60% of subsidy to Gas Pool Fund Account and 40% to NFCL for its operations. On NFCL share, GAIL has a first preference as per Escrow Agreement between GAIL, NFCL & IDBI which is amended on 29.06.2021 with validity till 31.12.2021.

Cash Flow Statement for the Quarter ended June 30, 2021

Rs.in Lakhs

Particulars	Standalone	
	Quarter ended June 30, 2021	**Year ended March 31, 2021**
A. Cash Flow from Operating Activities		
Loss before Tax	**(23,688.21)**	**(65,308.95)**
Adjustments:		
Depreciation and Amortisation	2,052.68	8,223.83
Unrealised IGST and Electricity Duty of Previous year / Impairment of Land	9,043.64	14,840.00
Provision for Doubtful Debts / Advances	500.50	1,395.20
Finance Cost	8,724.66	34,779.28
Provision/write off for Diminution in value of Investments	-	-
Deferred government grant	(86.98)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	-	593.17
Operating Profit before working capital changes	(3,453.71)	(5,825.38)
Movements in working capital:		
Increase/(decrease) in trade payables	31,419.20	(87,513.96)
Increase/(decrease) in long term provisions	34.82	162.73
Increase/(decrease) in short term provisions	10.83	(173.64)
Increase/(decrease) in other current liabilities	(131.73)	(166.01)
Increase/(decrease) in other current financial liabilities	226.74	(1,133.60)
Increase/(decrease) in other long term liabilities	(65.42)	(191.34)
Decrease/(increase) in trade receivables	(28,071.39)	1,01,446.60
Decrease/(increase) in inventories	(3,038.86)	5,696.46
Decrease/(increase) in long term loans and advances	18.71	285.48
Decrease/(increase) in short term loans and advances	3,255.97	3.53
Decrease/(increase) in other current assets	(734.72)	(13.39)
Decrease/(increase) in other financial assets	188.84	(805.89)
Decrease/(increase) in other non current assets	-	6.35
Cash generated from/(used) in operations	**(340.72)**	**11,777.95**
(Direct Taxes Paid -net of refunds)	(54.56)	569.16
Net cash flow from / (used) in operating activities	**(395.28)**	**12,347.11**
B. Cash Flow from Investing activities		
Purchase of fixed assets and CWIP/Capital advances	(18.82)	(158.72)
Margin Money Deposits	0.01	6,800.96
Proceeds from Sale of fixed assets	-	1.27
Net cash flow from / (used) in investing activities	**(18.81)**	**6,643.51**
C. Cash flow from Financing activities		
Repayment of long term borrowings	(198.10)	(612.68)
Finance Costs paid	(3,470.74)	(13,256.08)
Dividend Paid	-	-
Net cash flow from / (used) in financing activities	**(3,668.84)**	**(13,868.76)**
Net Increase/(decrease) in Cash and Cash Equivalents	**(4,082.93)**	**5,121.86**
Cash and Cash Equivalents as at beginning of the year	**(1,09,899.01)**	**(1,15,020.86)**
Cash and Cash Equivalents as at end of the period	**(1,13,981.94)**	**(1,09,899.01)**

Notes:

Rs. in Lakhs

Particulars	Quarter ended June 30, 2021	Year ended March 31, 2021
Cash and Cash Equivalents comprises of		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	-	-
Others (Refer Note 11.1)	4,000.88	8,282.81
Cheques, drafts on hand	0.58	2.30
Cash on hand	27.89	21.62
Cash and Cash Equivalents (Refer Note 11)	4,029.35	8,306.73
Less: Cash Credit (Refer Note 20)	1,18,011.30	1,18,205.74
Cash and Cash Equivalents in Cash Flow Statement	**(1,13,981.95)**	**(1,09,899.01)**

M. BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS
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Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
Nagarjuna Fertilizers and Chemicals Limited

1. We have reviewed the accompanying statement of Unaudited Standalone Ind AS Financial Results of **Nagarjuna Fertilizers and Chemicals Limited** ("the company") for the Quarter ended 30th June, 2021 ("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

2. This statement, is the responsibility of the Company's management, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules made thereunder and other accounting principles generally accepted in India and has been approved by its Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, *'Review of Interim Financial Information performed by the Independent Auditor of the Entity'* issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would be aware of all significant matters that might be identified in an Audit. Accordingly, we do not express an audit opinion.

4. **Material Uncertainty Relating to Going Concern**

We draw attention to Note 5 to the Statement regarding financial results being drawn up on a going concern basis by the Company considering its understanding of status of approval process by consortium of lenders as at the date of approval of financial results. As stated in the said note, in view of the reduced operations caused due to strained financial conditions, the Company has incurred continuous losses which had substantially eroded the Company's net worth and current liabilities as at the end of the quarter has exceeded the current assets by Rs.2,53,157.83 Lakhs. These circumstances have affected the Company's ability to meet its obligations to repay its loans, other financial and non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the lenders with a resolution plan and are hopeful of



a positive outcome and approval of resolution plan. These events and conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as going concern is solely dependent on the acceptance of resolution plan, which is not wholly within the control of the Company.

Our conclusion is not modified in respect of this matter.

5. Emphasis of Matter

We draw attention to the following notes to the Statement

a) Note 3.i regarding expensing of the unabsorbed IGST Rs. 3,617.24 Lakhs on import of urea, for the reasons stated in the Note;

b) Note 3.ii regarding the provision made towards Electricity Duty liability Rs.5,426.41 Lakhs based on management's assessment of the possible outcome of the legal proceedings and adjustment thereagainst, of the deposit made under protest under Court orders;

c) Note 6 regarding non-receipt of confirmation of balances from lenders and accounting of interest and penal interest on the overdue borrowings. Adjustments, if any, in respect of interest, penal interest and other charges will be dealt with by the Company upon final outcome of resolution plan -Amount not ascertained;

d) Note 7 of the Statement regarding Arbitration awards passed against the Company for USD 15,275,688 and GBP 690,630, EUR 455,000 and INR 221.39 Lakhs (equivalent aggregate amount of Rs.12,745.73 Lakhs approximately) and interest thereon as applicable in relation to contracts; the impact of which has not been recognised in the Financial Results, for reasons stated in the said note;

e) Note 8 of the Statement regarding Income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, freight subsidy being accounted as per New Urea Policy 2015, pending notification of final prices and consequential adjustments, if any that may arise;

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

6. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules made thereunder and other recognized accounting principles and policies, has not disclosed the information required to be disclosed in terms of Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

M. BHASKARA RAO & CO. Chartered Accountants HYD.

7. The Statement includes the Standalone financial results and other financial information for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures upto the period ended 31 December 2020 which were subject to limited review by us.

For M. Bhaskara Rao& Co
Chartered Accountants
Firm Registration No:000459S



D. Bapu Raghavendra
Partner
Membership No:213274
UDIN: 21213274AAAARE7778

Place: Hyderabad
Date: 13th August, 2021

M. BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS
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Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
Nagarjuna Fertilizers and Chemicals Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Ind AS Financial Results of **Nagarjuna Fertilizers and Chemicals Limited** ("the Company") and its subsidiary, for the Quarter ended 30th June, 2020 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

2. This statement is the responsibility of the Holding Company's Management and has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant Rules issued there under and other accounting principles generally accepted in India and has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, *'Review of Interim Financial Information performed by the Independent Auditor of the Entity'* issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would be aware of all significant matters that might be identified in an Audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019, dated 29 March, 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

   a) Nagarjuna Fertilizers and Chemicals Limited-Holding Company
   b) Jaiprakash Engineering and Steel Company Limited -Subsidiary



5. Material Uncertainty Relating to Going Concern

We draw attention to Note 5 to the Statement regarding financial results being drawn up on a going concern basis by the Company considering its understanding of status of approval process by consortium of lenders as at the date of approval of financial results. As stated in the said note, in view of the reduced operations caused due to strained financial conditions, the Company has incurred continuous losses which had substantially eroded the Company's net worth and current liabilities as at the end of the quarter has exceeded the current assets by Rs.2,53,157.83 Lakhs. These circumstances have affected the Company's ability to meet its obligations to repay its loans, other financial and non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the lenders with a resolution plan and are hopeful of a positive outcome and approval of resolution plan. These events and conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as going concern is solely dependent on the acceptance of resolution plan, which is not wholly within the control of the Company.

Our conclusion is not modified in respect of this matter.

6. Emphasis of Matter

We draw attention to the following notes to the Statement

a) Note 3.i regarding expensing of the unabsorbed IGST Rs. 3,617.24 Lakhs on import of urea, for the reasons stated in the Note;

b) Note 3.ii regarding the provision made towards Electricity Duty liability Rs.5,426.41 Lakhs based on management's assessment of the possible outcome of the legal proceedings and adjustment thereagainst, of the deposit made under protest under Court orders.;

c) Note 6 regarding non-receipt of confirmation of balances from lenders and accounting of interest and penal interest on the overdue borrowings. Adjustments, if any, in respect of interest, penal interest and other charges will be dealt with by the Company upon final outcome of resolution plan.

d) Note 7 of the Statement regarding Arbitration awards passed against the Company for USD 15,275,688 and GBP 690,630, EUR 455,000 and INR 221.39 Lakhs (equivalent aggregate amount of Rs.12,745.73 Lakhs approximately) and interest thereon as applicable in relation to contracts; the impact of which has not been recognised in the Financial Results, for reasons stated in the said note;



e) Note 8 of the Statement regarding Income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, freight subsidy being accounted as per New Urea Policy 2015, pending notification of final prices and consequential adjustments, if any that may arise;

7. We did not review, the interim financial results and other financial information of the Subsidiary of the Company, included in this Statement whose interim financial results reflect the Company's share of net profit of Rs. 0.01 Lakhs for the quarter ended 30th June 2021. These interim financial results of the Subsidiary have been reviewed by the other auditor, whose report has been furnished to us by the Management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the report of such other auditor and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of the above matter.

8. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditor referred to in paragraph 7 above below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules made thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation, including the manner in which it is to be disclosed, or that it contains any material misstatement.

9. The Statement includes the Consolidated financial results and other financial information for the quarter ended 31st March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures upto the period ended 31st December 2020 which were subject to limited review by us.

For M.Bhaskara Rao & Co
Chartered Accountants
Firm Registration No:000459S

M. BHASKARA RAO & CO. Chartered Accountants HYD.

D. Bapu Raghavendra

D.Bapu Raghavendra
Partner
Membership No:213274
UDIN: 21213274AAAARF5482

Place: Hyderabad
Date: 13th August 2021