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

November 30, 2020

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400001
Maharashtra, India
Scrip Code: **539917**

To
The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051 Maharashtra, India
Symbol: **NAGAFERT**

Dear Madam / Sir,

Sub: Outcome of Board Meeting

Ref: Regulation 33 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., November 30, 2020, had, inter alia, approved the unaudited Standalone and Consolidated Financial Results for the quarter/ half-year ended September 30, 2020, 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 04:30 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: L24129AP2006PLC076238

Standalone Unaudited Financial Results for the Quarter and Half year Ended September 30, 2020

Rs. In Lakhs

Sl No	PARTICULARS	Standalone					
		Quarter ended			Half Year ended		Year ended
		30-09-2020 (Unaudited)	30-06-2020 (Unaudited)	30-09-2019 (Unaudited)	30-09-2020 (Unaudited)	30-09-2019 (Unaudited)	31-03-2020 (Audited)
I	Revenue from Operations	27,967.62	46,449.32	48,208.50	74,416.94	82,921.17	1,70,451.43
II	Other Income	755.22	275.27	793.68	1,030.49	1,394.85	2,898.39
III	Total income (I+II)	28,722.84	46,724.59	49,002.18	75,447.43	84,316.02	1,73,349.82
IV	Expenses						
	a) Cost of materials consumed	12,223.17	19,258.69	19,084.82	31,481.86	36,329.16	78,562.41
	b) Purchase of Stock-in-Trade	71.00	40.20	323.22	111.20	673.68	1,395.01
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	494.75	3,640.59	5,123.32	4,135.34	951.75	(501.13)
	d) Power and Fuel	10,392.77	15,873.96	17,703.10	26,266.73	34,954.08	70,123.06
	e) Employee Benefits Expense	2,209.83	2,348.29	2,686.76	4,558.12	5,719.15	10,532.74
	f) Finance cost	8,883.54	8,617.35	7,975.94	17,500.89	15,597.51	32,879.38
	g) Depreciation and Amortization Expense	2,075.62	2,035.65	2,067.62	4,111.27	4,116.15	8,213.49
	h) Other Expenses	4,998.18	4,210.62	4,756.77	9,208.80	8,716.67	22,725.95
	Total expenses	41,348.86	56,025.35	59,721.55	97,374.21	1,07,058.15	2,23,930.91
V	Profit / (Loss) before exceptional items and tax (III-IV)	(12,626.02)	(9,300.76)	(10,719.37)	(21,926.78)	(22,742.13)	(50,581.09)
VI	Exceptional Items	14,082.00	-	-	14,082.00	-	-
VII	Profit / (Loss) before Tax (V-VI)	(26,708.02)	(9,300.76)	(10,719.37)	(36,008.78)	(22,742.13)	(50,581.09)
VIII	Tax Expense:						
	(a) Current Tax	-	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-	77.52
	(c) Deferred Tax	(4,213.48)	(767.65)	(762.74)	(4,981.13)	(1,468.11)	(3,423.56)
		(4,213.48)	(767.65)	(762.74)	(4,981.13)	(1,468.11)	(3,346.04)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(22,494.54)	(8,533.11)	(9,956.63)	(31,027.65)	(21,274.02)	(47,235.05)
X	Profit / (Loss) from discontinued operations	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-

Sl No	PARTICULARS	Standalone					
		Quarter ended			Half Year ended		Year ended
		30-09-2020 (Unaudited)	30-06-2020 (Unaudited)	30-09-2019 (Unaudited)	30-09-2020 (Unaudited)	30-09-2019 (Unaudited)	31-03-2020 (Audited)
XII	Profit / (Loss) from discontinued operations after tax (X-XI)	-	-	-	-	-	-
XIII	Profit / (Loss) for the period (IX+XII)	(22,494.54)	(8,533.11)	(9,956.63)	(31,027.65)	(21,274.02)	(47,235.05)
	Attributable to:						
	- Shareholders of the Parent Company						
	- Non Controlling interest						
XIV	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	-	-	-	-	-	522.46
	(ii) Income tax relating to these items	-	-	-	-	-	(180.81)
	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	-	-	-	-	-	341.65
	Attributable to:						
	- Shareholders of the Parent Company						
	- Non Controlling interest						
XV	Total Comprehensive Income (XIII+XIV)	(22,494.54)	(8,533.11)	(9,956.63)	(31,027.65)	(21,274.02)	(46,893.40)
	Attributable to:						
	- Shareholders of the Parent Company						
	- Non Controlling interest						
XVI	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
XVII	Earning Per Share (of Rs. 1/- each) (not annualised) (for continuing operations)						
	- Basic and Diluted	(3.76)	(1.43)	(1.66)	(5.19)	(3.56)	(7.90)
XVIII	Earning Per Share (of RS.1/- each) (not annualised) (for discontinued operations)						
	- Basic and Diluted	-	-	-	-	-	-
XIX	Earning Per Share (of Rs.1/- each) (not annualised) (for discontinued and continuing operations)						
	- Basic and Diluted	(3.76)	(1.43)	(1.66)	(5.19)	(3.56)	(7.90)

Notes:

1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 30, 2020.

2) The Statutory Auditors have carried out Limited review of the above financial results for the Quarter / Half Year ended September 30, 2020

3) 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.

4) The Company as part of the ongoing discussions with the lenders on the resolution plan had to create security for the additional parcels of land offered for the Corrective Action Plan (CAP) Loans sought during 2015-16. (197 Acres in Kapavaram, 110 Acres in Wargal & Gowraram,736 Acres in Nellore) These lands were fair valued under the scheme of Arrangement for Amalgamation as per the orders of High Court of Andhra Pradesh. These lands are in possession of the Company and vested with the Company through various schemes of amalgamations approved by Honourable High Courts of which some of the lands are yet to be registered in the name of the Company.

   As the Company could not create security in the form of mortgage on these lands offered on account of the land being agriculture parcels. Lenders as part of the RP have carried out detailed title investigation study and sought legal opinion on the title to the lands. The legal opinion obtained has stated that the Company is in possession of Agricultural Lands in excess of the ceiling prescribed under the Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act 1973.

   Based on the legal opinion obtained, Company has obtained approval of the Board of Directors to restate the value of land which is in excess of the ceiling limits.

   Pursuant to confirmation of the above legal status and the attendant limitations on the use, sale, disposal of the said land, by an independent legal counsel, the company has considered it prudent to impair the carrying amount of Rs.14,082.00 Lakhs in respect of the said excess lands, during this quarter.

   However, the company intends to take all necessary actions (including its protecting the titles & possession and obtaining necessary clearances) for all agricultural lands.

5) In view of non-execution of amendment to Escrow Agreement between GAIL, NFCL and IDBI Bank which expired on June 30, 2020, the gas supplier had stopped the supply from July 1, 2020 to July 18, 2020. Hence the plant operation was shutdown for a period of 18 days in the month of July 2020. The gas supply was restored by GAIL upon execution of amendment to escrow agreement between GAIL, NFCL and IDBI Bank, signed on July 18, 2020 for a period of one year with validity till June 30, 2021.

6) The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy. 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 resolution plan for suggestions of all the other lenders. Several meetings were held during the months from February 2020 to June 2020, there was an in principle discussion on the terms of the proposed debt under RP. All the lenders have favorably agreed to the way forward in the key lenders meeting. The lead bank had organized various third-party studies for Techno Economic Viability (TEV), Rating agencies and valuers.

   The said resolution plan, amongst other things, include Seggregation of debt into sustainable and unsustainable debt, Reduction in the rate of interest and Induction of new investors and infusion of funds.

   The lenders have initially permitted 'Holding on Operations' (HOO) from December 2018 which now stands extended till January 31, 2021, which has facilitated operations of one Urea Plant from December 2018 till end of the current quarter September 30, 2020. In view of operating with single plant under HOO, the losses continued with substantial erosion of net worth and the company faced severe liquidity crisis and was unable to meet payments to its secured lenders, employees, vendors and statutory remittances on time. As at the quarter / half year end, the Company's current liabilities exceeded current assets by Rs 2,05,915.04 Lakhs.

   The Company had filed a writ petition in the Hon'ble High Court of Telangana, on account of lenders imposing arbitrary conditions after crystallising the RP in March'20. The Hon'ble High Court of Telangana granted stay on coercive actions by lenders. Lenders filed a writ petition seeking vacation of stay in The Hon'ble High court. Company is in continued discussions and correspondence with lead banks- IDBI/SBI to resolve the open issues for implementing the RP.

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

   Accordingly, the financial results for the Quarter / Half Year ended September 30, 2020 are drawn on a going concern basis, pending finalization of resolution plan by the lenders.

7) The Company has continued to default on repayment of principal and interest during the quarter / half year on the borrowings from various lenders on account of continued losses and the lenders have accordingly classified the company's account as NPA in the financial year 2018-19. Pending completion of the resolution plan and receipt of confirmation of balances from various lenders, the Company has accounted for the interest / penal interest during the quarter/half year based on the prevailing rate of interest and internal working. Adjustments, if any, for the interest and penal interest accounted will be dealt on completion and on the outcome of Resolution Plan.

8) 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 and GBP 690,630 and interest as applicable apart from costs based on a claim filed by one of the Suppliers of Fertilizers to the Company. The Company is of the view that the Award has been obtained based on documents tampered with and 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, EUR 455,000, GBP 52,314 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 5 (ii) above. Further, since the matter being sub-judice, the said claims have continued to be treated as contingent liability.

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 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/half year in terms of the said policies and Department of Fertilizers Letter dated March 30, 2020 issued with reference to Modified NPS-III policy notified on April 02, 2014. Adjustments, if any, required will be considered on notification of final prices.

10) The Company has reviewed the requirements of IND AS 116 in respect of its lease arrangements entered into prior to application of the standard. The impact on adoption of the Standard is not material on the applicable leases and hence no adjustments are required to be made.

11) In view of rapid spread of virus causing Covid-19 pandemic, Government of India imposed lockdown from 25th March 2020 to curb the spread of virus. The nationwide lockdown temporarily impacted the operations of the company due to non-availability of labour, transportation and supply chain disruptions. However, the Government classified urea and micro irrigation business of the company as "Essential Commodity" and granted certain relaxations and guidelines so that production and distribution of Urea will not be effected. The Company operated one Urea plant during the lockdown period, following safety measures as per guidelines. Thus, the impact of Covid-19 on the Company is minimal at this point of time. The Company has assessed the recoverability of receivables, inventories and other financial assets considering the available internal and external information up to the date of approval of these financial statements. Considering the nature of these assets, the Company expects to recover the carrying amount of these assets.

12) 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=9a96690f376f4ed27d5138 1789f0eff60629d919c57cccf54f714e8fb7 1fbcd8, cn=KANUMURU RAHUL RAJU
Date: 2020.11.30 16:43:48 +05'30'

HYDERABAD
November 30, 2020

K. RAHUL RAJU
MANAGING DIRECTOR

Balance Sheet

₹ in Lakhs

Particulars	Standalone	
	As At September 30, 2020 (Unaudited)	As At March 31, 2020 (Audited)
I. ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment	2,22,903.36	2,39,833.85
(b) Capital work-in-progress	442.25	2,827.23
(c) Other Intangible Assets	-	-
(d) Financial Assets		
(i) Investments	-	-
(ii) Loans	992.09	994.31
(iii) Other Financial Assets	2.73	15.50
(e) Other Non-Current Assets	52.76	152.49
Total non-current Assets	**2,24,393.19**	**2,43,823.38**
2. Current Assets		
(a) Inventories	6,727.75	10,524.59
(b) Financial Assets		
(i) Trade Receivables	90,271.97	1,22,647.86
(ii) Cash and Cash Equivalents	5,765.02	4,895.19
(iii) Bank Balances other than (ii) above	9,032.61	8,994.58
(iv) Loans	3,312.94	3,312.72
(v) Other Financial assets	1,091.73	914.98
(c) Current Tax Assets (Net)	148.78	680.88
(d) Other Current Assets	6,302.26	6,078.60
Total current assets	**1,22,653.06**	**1,58,049.40**
Total - Assets	**3,47,046.25**	**4,01,872.78**
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	5,980.65	5,980.65
(b) Other Equity	(25,638.84)	5,388.80
Total Equity	**(19,658.19)**	**11,369.45**
Liabilities		
1. Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	3,174.10	3,042.42
(ii) Other Financial Liabilities	7,728.58	7,708.76
(b) Provisions	451.65	362.37
(c) Deferred Tax Liabilities (Net)	25,914.37	30,895.50
(d) Government grants	867.65	1,041.61
Total non-current liabilities	**38,136.35**	**43,050.66**
2. Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,57,433.74	1,47,850.25
(ii) Trade Payables		
(a) Micro Enterprises and Small Enterprises	145.74	135.37
(b) Other than Micro Enterprises and Small Enterprises	98,813.69	1,30,965.64
(iii) Other Financial Liabilities	70,169.02	66,311.19
(b) Other Current Liabilities	1,237.59	1,421.90
(c) Government grants	347.91	347.91
(d) Provisions	420.41	420.41
Total current liabilities	**3,28,568.10**	**3,47,452.67**
Total liabilities	**3,66,704.45**	**3,90,503.33**
Total Equity and Liabilities	**3,47,046.26**	**4,01,872.78**

Nagarjuna Fertilizers and Chemicals Limited
Cash Flow Statement for the Half Year ended September 30, 2020

Rs.in Lakhs

Particulars	Half Year ended September 30, 2020	Year ended March 31, 2020
A. Cash Flow from Operating Activities		
Loss before Tax	**(36,008.78)**	**(50,581.09)**
Adjustments:		
Depreciation and Amortisation	4,111.27	8,213.49
Provision for Impairment	14,840.00	-
Provision for Doubtful Debts / Advances	613.27	1,607.23
Finance Cost	17,500.89	32,879.38
Provision/write off for Diminution in value of Investments	-	1,346.17
Deferred government grant	(173.96)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	587.71	(42.23)
Operating Profit before working capital changes	1,470.40	(6,924.96)
Movements in working capital:		
Increase/(decrease) in trade payables	(32,138.53)	56,073.56
Increase/(decrease) in long term provisions	89.28	449.31
Increase/(decrease) in short term provisions	-	(133.51)
Increase/(decrease) in other current liabilities	(184.31)	65.06
Increase/(decrease) in other current financial liabilities	(680.36)	(1,230.74)
Increase/(decrease) in other long term liabilities	19.82	(144.10)
Decrease/(increase) in trade receivables	31,783.47	(41,104.86)
Decrease/(increase) in inventories	3,796.84	(248.07)
Decrease/(increase) in long term loans and advances	2.22	(430.19)
Decrease/(increase) in short term loans and advances	(0.22)	467.03
Decrease/(increase) in other current assets	(223.66)	(36.28)
Decrease/(increase) in other financial assets	(176.75)	(214.46)
Decrease/(increase) in other non current assets	3.59	6.84
Cash generated from/(used) in operations	**3,761.79**	**6,594.63**
(Direct Taxes Paid -net of refunds)	532.10	186.69
Net cash flow from / (used) in operating activities	**4,293.89**	**6,781.32**
B. Cash Flow from Investing activities		
Purchase of fixed assets and CWIP/Capital advances	(148.35)	(111.65)
Margin Money Deposits	(25.26)	5.50
Proceeds from Sale of fixed assets	0.13	46.58
Net cash flow from / (used) in investing activities	**(173.48)**	**(59.57)**
C. Cash flow from Financing activities		
Repayment of long term borrowings	(350.00)	(632.24)
Finance Costs paid	(5,605.50)	(9,444.26)
Dividend Paid	-	(278.55)
Net cash flow from / (used) in financing activities	**(5,955.50)**	**(10,355.05)**
Net Increase/(decrease) in Cash and Cash Equivalents	**(1,835.09)**	**(3,633.30)**
Cash and Cash Equivalents as at beginning of the year	**(1,15,020.86)**	**(1,11,387.56)**
Cash and Cash Equivalents as at end of the period	**(1,16,855.95)**	**(1,15,020.86)**

Notes:

Rs. in Lakhs

Particulars	Half Year ended September 30, 2020	Year ended March 31, 2020
Cash and Cash Equivalents comprises of		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	-	-
Others (Refer Note 12.1)	5,743.20	4,879.26
Cheques, drafts on hand	-	-
Cash on hand	21.82	15.92
Cash and Cash Equivalents (Refer Note 12)	5,765.02	4,895.18
Less: Cash Credit (Refer Note 21)	1,22,620.97	1,19,916.04
Cash and Cash Equivalents in Cash Flow Statement	**(1,16,855.95)**	**(1,15,020.86)**

M. BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS
PHONES : 23311245, 23393900
FAX : 040-23399248

5-D, FIFTH FLOOR, "KAUTILYA",
6-3-652, SOMAJIGUDA,
HYDERABAD-500 082. INDIA.
e-mail : mbr_co@mbrc.co.in

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 and half year ended 30th September, 2020 ("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 and has been approved by its Board of Directors, 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. 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 6 to the Statement regarding financial results being drawn up on a going concern basis by the Company considering its understanding of the resolution 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.2,05,915.04 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 debt restructuring proposal, 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 4 regarding provision of Rs. 14,082 Lakhs towards impairment of land mentioned therein and the reasons therefor and to the Company's assertions as to its continued possession of the said lands and its intent to pursue mutation of title in the said lands to its name;

b) Note 7 regarding non-receipt of confirmation of balances from lenders and accounting of interest and penal interest on the overdue borrowings, and adjustments, if any, in respect of such interest, penal interest and other charges will be dealt with by the Company upon final outcome of resolution plan.

c) Note 8 of the Statement regarding Arbitration awards passed against the Company for USD 15,275,688 and GBP 742,944, EUR 455,000 and INR 221.39 Lakhs (equivalent aggregate amount of Rs.15,749.15 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; and

d) Note 9 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 the aforesaid Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

M. BHASKARA RAO & CO. Chartered Accountants * HYD. *

D. Bapu Raghavendra
Partner
Membership No:213274
UDIN: 20213274AAAAGI1069

Place: Hyderabad
Date: 30th November, 2020

Nagarjuna Fertilizers and Chemicals Limited
Nagarjuna Hills, Hyderabad - 500 082.
Website: www.nagarjunafertilizers.com
CIN: L24129AP2006PLC076238

Consolidated Unaudited Financial Results for the Quarter and Half year Ended September 30, 2020

Rs. In Lakhs

Sl No	PARTICULARS	Consolidated					
		Quarter ended			Half Year ended		Year ended
		30-09-2020 (Unaudited)	30-06-2020 (Unaudited)	30-09-2019 (Unaudited)	30-09-2020 (Unaudited)	30-09-2019 (Unaudited)	31-03-2020 (Audited)
I	Revenue from Operations	27,967.62	46,449.32	48,208.50	74,416.94	82,921.17	1,70,451.43
II	Other Income	755.37	275.50	793.91	1,030.87	1,395.29	2,899.59
III	Total income (I+II)	28,722.99	46,724.82	49,002.41	75,447.81	84,316.46	1,73,351.02
IV	Expenses						
	a) Cost of materials consumed	12,223.17	19,258.69	19,084.82	31,481.86	36,329.16	78,562.41
	b) Purchase of Stock-in-Trade	71.00	40.20	323.22	111.20	673.68	1,395.01
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	494.75	3,640.59	5,123.32	4,135.34	951.75	(501.13)
	d) Power and Fuel	10,392.77	15,873.96	17,703.10	26,266.73	34,954.08	70,123.06
	e) Employee Benefits Expense	2,209.83	2,348.29	2,686.76	4,558.12	5,719.15	10,532.74
	f) Finance cost	8,883.54	8,617.35	7,975.94	17,500.89	15,597.51	32,879.39
	g) Depreciation and Amortization Expense	2,075.62	2,035.65	2,067.62	4,111.27	4,116.15	8,213.49
	h) Other Expenses	4,998.23	4,211.13	4,757.50	9,209.36	8,717.44	21,381.31
	Total expenses	41,348.91	56,025.86	59,722.28	97,374.77	1,07,058.92	2,22,586.28
V	Profit / (Loss) before exceptional items and tax (III-IV)	(12,625.92)	(9,301.05)	(10,719.87)	(21,926.96)	(22,742.46)	(49,235.26)
VI	Exceptional Items	14,082.00	-	-	14,082.00	-	-
VII	Profit / (Loss) before Tax (V-VI)	(26,707.92)	(9,301.05)	(10,719.87)	(36,008.96)	(22,742.46)	(49,235.26)
VIII	Tax Expense:						
	(a) Current Tax	-	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-	77.52
	(c) Deferred Tax	(4,213.48)	(767.65)	(762.74)	(4,981.13)	(1,468.11)	(3,423.56)
		(4,213.48)	(767.65)	(762.74)	(4,981.13)	(1,468.11)	(3,346.04)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(22,494.44)	(8,533.40)	(9,957.13)	(31,027.83)	(21,274.35)	(45,889.22)
X	Profit / (Loss) from discontinued operations	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-

Sl No	PARTICULARS	Consolidated					
		Quarter ended			Half Year ended		Year ended
		30-09-2020 (Unaudited)	30-06-2020 (Unaudited)	30-09-2019 (Unaudited)	30-09-2020 (Unaudited)	30-09-2019 (Unaudited)	31-03-2020 (Audited)
XII	Profit / (Loss) from discontinued operations after tax (X-XI)						-
XIII	Profit / (Loss) for the period (IX+XII)	(22,494.44)	(8,533.40)	(9,957.13)	(31,027.83)	(21,274.35)	(45,889.22)
	Attributable to:						
	- Shareholders of the Parent Company	(22,494.44)	(8,533.40)	(9,957.13)	(31,027.83)	(21,274.35)	(45,889.22)
	- Non Controlling interest	-	-	-	-	-	-
XIV	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	-	-	-	-	-	522.46
	(ii) Income tax relating to these items	-	-	-	-	-	(180.81)
	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	-	-	-	-	-	341.65
	Attributable to:						
	- Shareholders of the Parent Company	-	-	-	-	-	341.65
	- Non Controlling interest	-	-	-	-	-	-
XV	Total Comprehensive Income (XIII+XIV)	(22,494.44)	(8,533.40)	(9,957.13)	(31,027.83)	(21,274.35)	(45,547.57)
	Attributable to:						
	- Shareholders of the Parent Company	(22,494.44)	(8,533.40)	(9,957.13)	(31,027.83)	(21,274.35)	(45,547.57)
	- Non Controlling interest	-	-	-	-	-	-
XVI	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
XVII	Earning Per Share (of Rs. 1/- each) (not annualised) (for continuing operations)						
	- Basic and Diluted	(3.76)	(1.43)	(1.66)	(5.19)	(3.56)	(7.67)
XVIII	Earning Per Share (of RS.1/- each) (not annualised) (for discontinued operations)						
	- Basic and Diluted	-	-	-	-	-	-
XIX	Earning Per Share (of Rs.1/- each) (not annualised) (for discontinued and continuing operations)						
	- Basic and Diluted	(3.76)	(1.43)	(1.66)	(5.19)	(3.56)	(7.67)

Notes:

1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 30, 2020.

2) The Statutory Auditors have carried out Limited review of the above financial results for the Quarter / Half Year ended September 30, 2020

3) 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.

4) The Company as part of the ongoing discussions with the lenders on the resolution plan had to create security for the additional parcels of land offered for the Corrective Action Plan (CAP) Loans sought during 2015-16. (197 Acres in Kapavaram, 110 Acres in Wargal & Gowraram,736 Acres in Nellore) These lands were fair valued under the scheme of Arrangement for Amalgamation as per the orders of High Court of Andhra Pradesh. These lands are in possession of the Company and vested with the Company through various schemes of amalgamations approved by Honourable High Courts of which some of the lands are yet to be registered in the name of the Company.

   As the Company could not create security in the form of mortgage on these lands offered on account of the land being agriculture parcels. Lenders as part of the RP have carried out detailed title investigation study and sought legal opinion on the title to the lands. The legal opinion obtained has stated that the Company is in possession of Agricultural Lands in excess of the ceiling prescribed under the Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act 1973.

   Based on the legal opinion obtained, Company has obtained approval of the Board of Directors to restate the value of land which is in excess of the ceiling limits.

   Pursuant to confirmation of the above legal status and the attendant limitations on the use, sale, disposal of the said land, by an independent legal counsel, the company has considered it prudent to impair the carrying amount of Rs.14,082.00 Lakhs in respect of the said excess lands, during this quarter.

   However, the company intends to take all necessary actions (including its protecting the titles & possession and obtaining necessary clearances) for all agricultural lands.

5) In view of non-execution of amendment to Escrow Agreement between GAIL, NFCL and IDBI Bank which expired on June 30, 2020, the gas supplier had stopped the supply from July 1, 2020 to July 18, 2020. Hence the plant operation was shutdown for a period of 18 days in the month of July 2020. The gas supply was restored by GAIL upon execution of amendment to escrow agreement between GAIL, NFCL and IDBI Bank, signed on July 18, 2020 for a period of one year with validity till June 30, 2021.

6) The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy. 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 resolution plan for suggestions of all the other lenders. Several meetings were held during the months from February 2020 to June 2020, there was an in principle discussion on the terms of the proposed debt under RP. All the lenders have favorably agreed to the way forward in the key lenders meeting. The lead bank had organized various third-party studies for Techno Economic Viability (TEV), Rating agencies and valuers.

   The said resolution plan, amongst other things, include Seggregation of debt into sustainable and unsustainable debt, Reduction in the rate of interest and Induction of new investors and infusion of funds.

   The lenders have initially permitted 'Holding on Operations' (HOO) from December 2018 which now stands extended till January 31, 2021, which has facilitated operations of one Urea Plant from December 2018 till end of the current quarter September 30, 2020. In view of operating with single plant under HOO, the losses continued with substantial erosion of net worth and the company faced severe liquidity crisis and was unable to meet payments to its secured lenders, employees, vendors and statutory remittances on time. As at the quarter / half year end, the Company's current liabilities exceeded current assets by Rs 2,05,947.03 Lakhs.

   The Company had filed a writ petition in the Hon'ble High Court of Telangana, on account of lenders imposing arbitrary conditions after crystallising the RP in March'20. The Hon'ble High Court of Telangana granted stay on coercive actions by lenders. Lenders filed a writ petition seeking vacation of stay in The Hon'ble High court. Company is in continued discussions and correspondence with lead banks- IDBI/SBI to resolve the open issues for implementing the RP.

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

   Accordingly, the financial results for the Quarter / Half Year ended September 30, 2020 are drawn on a going concern basis, pending finalization of resolution plan by the lenders.

7) The Company has continued to default on repayment of principal and interest during the quarter / half year on the borrowings from various lenders on account of continued losses and the lenders have accordingly classified the company's account as NPA in the financial year 2018-19. Pending completion of the resolution plan and receipt of confirmation of balances from various lenders, the Company has accounted for the interest / penal interest during the quarter/half year based on the prevailing rate of interest and internal working. Adjustments, if any, for the interest and penal interest accounted will be dealt on completion and on the outcome of Resolution Plan.

8) 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 and GBP 690,630 and interest as applicable apart from costs based on a claim filed by one of the Suppliers of Fertilizers to the Company. The Company is of the view that the Award has been obtained based on documents tampered with and 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, EUR 455,000, GBP 52,314 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 5 (ii) above. Further, since the matter being sub-judice, the said claims have continued to be treated as contingent liability.

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 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/half year in terms of the said policies and Department of Fertilizers Letter dated March 30, 2020 issued with reference to Modified NPS-III policy notified on April 02, 2014. Adjustments, if any, required will be considered on notification of final prices.

10) The Company has reviewed the requirements of IND AS 116 in respect of its lease arrangements entered into prior to application of the standard. The impact on adoption of the Standard is not material on the applicable leases and hence no adjustments are required to be made.

11) In view of rapid spread of virus causing Covid-19 pandemic, Government of India imposed lockdown from 25th March 2020 to curb the spread of virus. The nationwide lockdown temporarily impacted the operations of the company due to non-availability of labour, transportation and supply chain disruptions. However, the Government classified urea and micro irrigation business of the company as "Essential Commodity" and granted certain relaxations and guidelines so that production and distribution of Urea will not be effected. The Company operated one Urea plant during the lockdown period, following safety measures as per guidelines. Thus, the impact of Covid-19 on the Company is minimal at this point of time. The Company has assessed the recoverability of receivables, inventories and other financial assets considering the available internal and external information up to the date of approval of these financial statements. Considering the nature of these assets, the Company expects to recover the carrying amount of these assets.

12) The consolidated results include results of subsidiary, i.e Jaiprakash Engineering and Steel Company Ltd and excludes associates Nagarjuna Agricultural and Research Development Insititute Pvt Ltd and KVK Raju International Leadership Ltd. The said associates are excluded as there are no operations in the said Companies.

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

KANUMURU RAHUL RAJU

K. RAHUL RAJU
MANAGING DIRECTOR

HYDERABAD
November 30, 2020

Balance Sheet

₹ in Lakhs

Particulars	Consolidated	
	As At September 30, 2020 (Unaudited)	As At March 31, 2020 (Audited)
I. ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment	2,22,903.36	2,39,833.85
(b) Capital work-in-progress	442.25	2,827.23
(c) Other Intangible Assets	-	-
(d) Financial Assets		
(i) Investments	-	-
(ii) Loans	2,805.94	2,808.16
(iii) Other Financial Assets	13.41	28.95
(e) Other Non-Current Assets	52.76	152.49
Total non-current Assets	**2,26,217.73**	**2,45,650.68**
2. Current Assets		
(a) Inventories	6,727.75	10,524.59
(b) Financial Assets		
(i) Trade Receivables	90,271.97	1,22,647.86
(ii) Cash and Cash Equivalents	5,768.07	4,895.92
(iii) Bank Balances other than (ii) above	9,032.61	8,994.58
(iv) Loans	3,312.94	3,312.72
(v) Other Financial assets	1,092.50	915.47
(c) Current Tax Assets (Net)	149.12	681.19
(d) Other Current Assets	6,302.26	6,078.60
Total current assets	**1,22,657.22**	**1,58,050.93**
Total - Assets	**3,48,874.95**	**4,03,701.61**
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	5,980.65	5,980.65
(b) Other Equity	(23,849.11)	7,178.71
Equity attributable to shareholders of the Company	(17,868.46)	13,159.36
Non-Controlling Interest	2.82	2.82
Total Equity	**(17,865.64)**	**13,162.18**
Liabilities		
1. Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	3,174.10	3,042.42
(ii) Other Financial Liabilities	7,728.58	7,708.76
(b) Provisions	451.65	362.37
(c) Deferred Tax Liabilities (Net)	25,914.37	30,895.50
(d) Government grants	867.65	1,041.61
Total non-current liabilities	**38,136.35**	**43,050.66**
2. Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,57,433.74	1,47,850.25
(ii) Trade Payables		
(a) Micro Enterprises and Small Enterprises	145.74	135.37
(b) Other than Micro Enterprises and Small Enterprises	98,813.69	1,30,966.65
(iii) Other Financial Liabilities	70,204.07	66,346.24
(b) Other Current Liabilities	1,238.70	1,421.94
(c) Government grants	347.91	347.91
(d) Provisions	420.41	420.41
Total current liabilities	**3,28,604.25**	**3,47,488.77**
Total liabilities	**3,66,740.60**	**3,90,539.43**
Total Equity and Liabilities	**3,48,874.96**	**4,03,701.61**

Nagarjuna Fertilizers and Chemicals Limited
Consolidated Cash Flow Statement for the Half Year ended September 30, 2020

Rs.in Lakhs

Particulars	Half Year ended Sep 30, 2020	Year ended March 31, 2020
A. Cash Flow from Operating Activities		
Loss before Tax	**(36,008.97)**	**(49,235.28)**
Adjustments:	-	-
Depreciation and Amortisation	4,111.27	8,213.49
Provision for Impairment	14,840.00	-
Provision for Doubtful Debts / Advances	613.27	1,607.23
Finance Cost	17,500.89	32,879.39
Deferred government grant	(173.96)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	587.71	(42.23)
Operating Profit before working capital changes	**1,470.21**	**(6,925.31)**
Movements in working capital:		
Increase/(decrease) in trade payables	(32,138.53)	56,074.01
Increase/(decrease) in long term provisions	89.28	449.31
Increase/(decrease) in short term provisions	-	(133.51)
Increase/(decrease) in other current liabilities	(184.25)	65.10
Increase/(decrease) in other current financial liabilities	(680.36)	(1,230.75)
Increase/(decrease) in other long term liabilities	19.82	(144.10)
Decrease/(increase) in trade receivables	31,783.47	(41,104.86)
Decrease/(increase) in inventories	3,796.84	(248.07)
Decrease/(increase) in long term loans and advances	2.22	(430.19)
Decrease/(increase) in short term loans and advances	(0.22)	467.03
Decrease/(increase) in other current assets	(223.95)	(36.28)
Decrease/(increase) in other financial assets	(176.75)	(214.46)
Decrease/(increase) in other non current assets	3.59	6.84
Cash generated from/(used) in operations	**3,761.37**	**6,594.77**
(Direct Taxes Paid -net of refunds)	532.07	186.60
Net cash flow from / (used) in operating activities	**4,293.44**	**6,781.37**
B. Cash Flow from Investing activities		
Purchase of fixed assets and CWIP/Capital advances	(148.35)	(111.65)
Margin Money Deposits	(22.49)	4.68
Proceeds from Sale of fixed assets	0.13	46.58
Net cash flow from / (used) in investing activities	**(170.71)**	**(60.39)**
C. Cash flow from Financing activities		
Repayment of long term borrowings	(350.00)	(632.24)
Finance Costs paid	(5,605.50)	(9,444.27)
Dividend Paid	-	(278.55)
Net cash flow from / (used) in financing activities	**(5,955.50)**	**(10,355.06)**
Net Increase/(decrease) in Cash and Cash Equivalents	**(1,832.77)**	**(3,634.08)**
Cash and Cash Equivalents as at beginning of the year	**(1,15,020.12)**	**(1,11,386.04)**
Cash and Cash Equivalents as at end of the year	**(1,16,852.89)**	**(1,15,020.12)**

Notes:

Rs. in Lakhs

Particulars	Half Year ended Sep 30, 2020	Year ended March 31, 2020
Cash and Cash Equivalents comprises of		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	-	-
Others	5,746.25	4,880.00
Cheques, drafts on hand	-	-
	-	-
Cash on hand	21.82	15.92
Cash and Cash Equivalents (Refer Note 12)	5,768.07	4,895.92
Less: Cash Credit (Refer Note 21)	1,22,620.97	1,19,916.04
Cash and Cash Equivalents in Cash Flow Statement	**(1,16,852.90)**	**(1,15,020.12)**

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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 Holding Company") and its subsidiary, for the quarter and half year ended 30th September, 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 thereunder 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 6 to the Statement regarding financial results of the Holding Company being drawn up on a going concern basis by the Company considering its understanding of status



of resolution plan 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.2,05,947.03 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 debt restructuring proposal, 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 4 regarding provision of Rs. 14,082 Lakhs towards impairment of land mentioned therein and the reasons therefor and to the Company's assertions as to its continued possession of the said lands and its intent to pursue mutation of title in the said lands to its name;

b) Note 7 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.

c) Note 8 of the Statement regarding Arbitration awards passed against the Company for USD 15,275,688 and GBP 742,944, EUR 455,000 and INR 221.39 Lakhs (equivalent aggregate amount of Rs.15,749.15 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;

d) Note 9 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 total assets of Rs.1,828.70 Lakhs as at September 30, 2020, total revenue of Rs.0.15 Lakhs and Rs.0.38 Lakhs, total net profit/(Loss) after tax of Rs.0.10 Lakhs and Rs.(0.19 Lakhs), total Comprehensive income of Rs.0.10 Lakhs and Rs.(0.19 Lakhs) for the quarter and half year ended 30th September 2020

M. BHASKARA RAO & CO. Chartered Accountants HYD.

respectively, net cash inflows of Rs.2.31 Lakhs for the period 01 April 2020 to 30 September 2020, as considered in the Statement. These interim financial results of the Subsidiary have been reviewed by another auditor, whose report has been furnished to us by the Management. 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 the aforesaid Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

M. BHASKARA RAO & Co. Chartered Accountants HYD.

D. Bapu Raghvendra
D.Bapu Raghvendra
Partner
Membership No:213274
UDIN: 20213274AAAAGJ4436

Place: Hyderabad
Date: 30th November 2020