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CIN - L24129AP2006PLC076238



**August 14, 2023**

**To**  
**BSE Limited**  
**India Ltd**  
P J Towers, 25<sup>th</sup> Floor,  
Complex,  
Dalal Street, Mumbai – 400001  
Maharashtra, India.  
Scrip Code: **539917**

**To**  
**The National Stock Exchange of**  
  
Exchange Plaza, Bandra-Kurla  
  
Bandra (E), Mumbai - 400051  
Maharashtra, India.  
Symbol: **NAGAFERT**

Dear Sir/Madam(s),

Sub: Intimation of Material Event or Information under Regulation 30 of SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015

Nagarjuna Fertilizers and Chemicals Limited (NFCL) (erstwhile KFL renamed as NFCL in 2011) was a profitable and growing company till 2014. Less than 50% of NFCL's revenues in 2013 were from Urea. Non-Urea revenues from growing and profitable rural distribution, micro irrigation businesses contributed majority of the company's revenues. Between 2004 to 2014, the new management successfully turned around NFCL and exited Corporate Debt Restructuring (CDR).

The company underwent financial stress on account of GAIL pipeline accident. As the company did not receive compensation from insurance and GAIL for the losses caused the company approached the lenders for working capital limits and a working capital term loan as part of the Corrective Action Plan (CAP) to revive the company. The lenders assessed and approved CAP with funding in 2015 (basis management turn around track record, consistent performance with the lenders for more than a decade). The company could not be revived as lenders did not release the funding assessed for CAP in 2015 in violation of RBI statutory guidelines.

Due to non-availability of CAP funding the company's revenues were generated only from low margin controlled Urea business which did not provide any margins for servicing debt. The company re-approached lenders in 2017 and again in 2018 for a long-term debt resolution to overcome the financial stress (on account of GAIL accident and non-implementation of CAP) and has submitted several debt resolution plans based on lenders advice/inputs.

Despite achieving cash profit during the 1st quarter of 2018 and repaying all the loans outstanding in April 2018, based on banks commitment to continue working capital for Urea business from available limits (till the completion of the debt resolution) the lenders

unilaterally froze 100% of the working capital limits and adjusted market receivables of Rs 700 plus Crores towards loan outstanding in 2018-19 (before approving holding on operations in November 2018) leading to stoppage of plants, increases in losses and unsustainable loans.

It may be noted that fertilizer industry especially the Urea Sector is highly regulated with little to no margins for depreciated units. The company is currently not getting reimbursed the cost of energy leading to cash losses at EBIDTA level.

The company submitted various debt resolution plans since 2017. In 2020, the Secured Lenders (IDBI Bank, SBI, ICICI Bank, PNB, UCO Bank, BoI, IOB), had issued notice to NFCL under the provisions of the IBC/NCLT. The company had objected to the bank applications, while parallelly persuading the lenders to approve at an amicable settlement.

An operational creditor (Keytrade AG) in the meanwhile filed a petition with the Honourable NCLT against the company and NFCL was admitted to IBC on 27th August 2021. The promoter company Amlika Mercantile Private Limited (AMPL) approached Honourable NCLAT which was pleased to provide a stay on the order of the NCLT which is currently in force.

In 2022 the company approached Department of Fertilisers (Govt of India) to regroup the company's plants with similar plants or recognise and reimburse the energy consumption since January 2019, which is under consideration.

In 2022 the lenders had initiated sale of debt of the company upon which Asset Care and Reconstruction Enterprise Limited (ACRE) an Asset Reconstruction Company (ARC), won the bid and purchased the debt of the company on 28th March, 2023, replacing the erstwhile lenders of the company.

ACRE has issued the demand notice under section 13(2) of the SARFAESI ACT 20.05.2023. The company while objecting to ACRE claim requested for an opportunity to submit a resolution plan. Without prejudice to their rights under SARFAESI, ACRE advised the company to submit resolution plan.

NFCL after a lot of effort identified a purchaser AM Green Ammonia (India) Private Limited, (a company incorporated by the promoters of Greenko group, one of the largest renewable energy players in the country) who is willing to invest in the Urea and Micro Irrigation (MI) business by way of slump sale on a going concern basis. This will allow the company to realise fair value for its business (in the interest of all stakeholders) and also allow lender/s to release better value as compared to the process under the provisions SARFAESI ACT/IBC. The details of the slump sale transaction and OTS as a debt resolution were presented to the Board for their consideration.

The Board of Directors of NFCL at their Meeting held on August 14, 2023, considered, approved and recommended the following for shareholders' approval:

1. The slump sale of Ammonia/Urea and MI businesses along with related assets and liabilities to M/s. AM Green Ammonia (India) Private Limited (purchaser company), for a gross consideration of Rs 1365 Crores in cash and 19.7% in equity in the purchaser's company (to be held by NFCL) as part of the transaction. With a call option available to the purchaser/ nominee on 19.7% equity to be exercised by the purchaser within one year for Rs 335 Crores with premium of 12% per Annum.

This transaction is subject to terms and conditions precedents (including lenders approval and recognition and reimbursement of energy claims submitted by the company by DoF GoI). It is agreed to distribute Urea produced from the transferred Urea Business in India by Nagarjuna Fertilizers and Chemicals Limited (NFCL) on commercially reasonable terms (as per govt regulations). An agreement to the effect would be entered into along with the slump sale agreements.

2. One Time Settlement (OTS) as debt resolution for amount of Rs 1500 Crores to be paid through proceeds of slump sale of Ammonia/Urea and MI business and sale of other non core assets.

**Disclosure of the transaction in the prescribed format in compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:**

**Sale or disposal of unit(s) whole or substantially the whole of the undertaking(s) of the Company:**

The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division or undertaking during the last financial year;	The transfer of business constitutes Rs.563,719.82 lacks turnover as on 31 <sup>st</sup> March 2023 (99.9% of turnover)
Date on which the agreement for sale has been entered into	The agreement for sale will be entered into post the shareholders approval
The expected date of completion of sale/disposal	End December 2023
Consideration received from such sale/disposal	Rs 1365 in cash and 19.7% in equity in the purchasers company with a call option valued at Rs 335 Crores (totalling a value of Rs 1700 Crores) which will be revived by the company post transaction closure
Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof	M/s. AM Green Ammonia (India) Private Limited (Purchaser), a Company incorporated under the provisions of the Companies Act, 2013, having its registered office at Module No.A1, A2, A3, Q4, 4th Floor , Cyber Towers, Madhapur Shaikpet, Hyderabad, Telangana – 500081  The company was incorporated by the promoters of Greenko group (one of the largest renewable energy players in the country)  The buyer is not related to the promoter/ promoter group/group companies

Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";	The transaction does not fall under related party transactions
Whether the sale, lease or disposal of the undertaking is outside Scheme of Arrangement? If yes, details of the same including compliance with regulation 37A of LODR Regulations.	Yes. The sale of undertaking is outside the scheme of arrangement. Timely disclosure shall be made after the approval of the Members under regulation 37A of LODR Regulations
Additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale	Enclosed Below

**Disclosures for Slump Sale (Indicative disclosures provided for amalgamation/merger):**

Name of the entity(ies) forming part of the Slump Sale, details in brief such as, size, turnover etc.;	M/s. AM Green Ammonia (India) Private Limited (Purchaser), a Company incorporated under the provisions of the Companies Act, 2013, having its registered office at Module No.A1, A2, A3, Q4, 4th Floor , Cyber Towers, Madhapur Shaikpet, Hyderabad, Telangana – 500081  The company was incorporated by the promoters of Greenko group (one of the largest renewable energy players in the country)
Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";	The transaction does not fall under related party transactions
Area of business of the entity(ies);	NFCL is in to Manufacture of Urea and Micro Irrigation  AM Green Ammonia (India) Private Limited is in the business of green molecules.
Rationale for Slump Sale	As disclosed in the earlier Paragraphs
In case of cash consideration – amount or otherwise share exchange ratio;	Rs 1365 in cash and 19.7% in equity in the purchasers company with a call option valued at Rs 335 Crores (totalling a value of Rs 1700 Crores) which will be revived by the company post transaction closure

**Disclosures in relation One time settlement (OTS) with Lender:**

Reasons for opting for OTS	As disclosed in the earlier Paragraphs
Brief summary of the OTS	As disclosed in the earlier Paragraphs

We 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