

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

Standalone Unaudited Financial Results for the Quarter / Nine Months Ended December 31, 2020

Rs. In Lakhs

SI No	PARTICULARS	Standalone					
		Quarter ended			Nine months ended		Year ended
		31-12-2020 (Unaudited)	30-09-2020 (Unaudited)	31-12-2019 (Unaudited)	31-12-2020 (Unaudited)	31-12-2019 (Unaudited)	31-03-2020 (Audited)
I	Revenue from Operations	42,966.89	27,967.62	45,002.49	1,17,383.83	1,27,923.66	1,70,451.43
II	Other Income	425.33	755.22	705.43	1,455.82	2,100.28	2,898.39
III	Total income (I+II)	43,392.22	28,722.84	45,707.92	1,18,839.65	1,30,023.94	1,73,349.82
IV	Expenses						
	a) Cost of materials consumed	20,411.43	12,223.17	20,369.17	51,893.29	56,698.33	78,562.41
	b) Purchase of Stock-in-Trade	31.13	71.00	213.79	142.33	887.47	1,395.01
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	(204.52)	494.75	(181.44)	3,930.82	770.31	(501.13)
	d) Power and Fuel	14,395.82	10,392.77	17,138.07	40,662.55	52,092.15	70,123.06
	e) Employee Benefits Expense	2,147.20	2,209.83	2,602.55	6,705.32	8,321.70	10,532.74
	f) Finance cost	8,881.41	8,883.54	8,832.49	26,382.30	24,430.00	32,879.38
	g) Depreciation and Amortization Expense	2,080.78	2,075.62	2,063.01	6,192.05	6,179.16	8,213.49
	h) Other Expenses	4,998.85	4,998.18	6,628.11	14,207.65	15,344.78	22,725.95
	Total expenses	52,742.10	41,348.86	57,665.75	1,50,116.31	1,64,723.90	2,23,930.91
V	Profit / (Loss) before exceptional items and tax (III-IV)	(9,349.88)	(12,626.02)	(11,957.83)	(31,276.66)	(34,699.96)	(50,581.09)
VI	Exceptional Items	-	14,082.00	-	14,082.00	-	-
VII	Profit / (Loss) before Tax (V-VI)	(9,349.88)	(26,708.02)	(11,957.83)	(45,358.66)	(34,699.96)	(50,581.09)
VIII	Tax Expense:						
	(a) Current Tax	-	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-	77.52
	(c) Deferred Tax	(743.99)	(4,213.48)	(758.95)	(5,725.12)	(2,227.06)	(3,423.56)
		(743.99)	(4,213.48)	(758.95)	(5,725.12)	(2,227.06)	(3,346.04)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(8,605.89)	(22,494.54)	(11,198.88)	(39,633.54)	(32,472.90)	(47,235.05)
X	Profit / (Loss) from discontinued operations	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-

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		Quarter ended			Nine months ended		Year ended
		31-12-2020 (Unaudited)	30-09-2020 (Unaudited)	31-12-2019 (Unaudited)	31-12-2020 (Unaudited)	31-12-2019 (Unaudited)	31-03-2020 (Audited)
XII	Profit / (Loss) from discontinued operations after tax (X-XI)	-	-	-	-	-	-
XIII	Profit / (Loss) for the period (IX+XII)	(8,605.89)	(22,494.54)	(11,198.88)	(39,633.54)	(32,472.90)	(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)	(8,605.89)	(22,494.54)	(11,198.88)	(39,633.54)	(32,472.90)	(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	(1.44)	(3.76)	(1.87)	(6.63)	(5.43)	(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	(1.44)	(3.76)	(1.87)	(6.63)	(5.43)	(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 February 12, 2021.
- 2) The Statutory Auditors have carried out Limited review of the above financial results for the Quarter / Nine Months ended December 31, 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 the quarter ended September 2020.

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

- 5) 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 Segregation 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 December 31, 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 / Nine months end, the Company's current liabilities exceeded current assets by Rs 2,13,319.95 Lakhs.

The Company in the month of June 2020 had filed a writ petition in the Hon'ble High Court of Telangana, on account of lenders imposing arbitrary conditions in implementation of the RP after finalising the same in March'2020. The Hon'ble High Court of Telangana granted stay on any coercive actions by lenders. Lenders filed a writ petition seeking vacation of stay in The Hon'ble High court. Notwithstanding the writ petitions filed, the 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 / Nine Months ended December 31, 2020 are drawn on a going concern basis, pending finalization of resolution plan by the lenders.

- 6) The Company has continued to default on repayment of principal and interest during the quarter / nine months 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/nine months 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.

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 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 7 (ii) above. Further, since the matter being sub-judice, the said claims have continued to be treated as contingent liability.

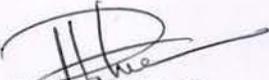
8) Government of India announced New Urea Policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector which are effective from 1st June, 2015 to 31st Mar 2019. Government of India extended the NUP -2015 from 1st April, 2019 until further orders. Income from Urea Operations has been accounted 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/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.

9) 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.

10) 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 unaudited results of the Company for the period/quarter ended December 31, 2020. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these results.

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

HYDERABAD
February 12, 2021


K. RAHUL RAJU
MANAGING DIRECTOR

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 nine months ended 31st December, 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 5 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.2,13,319.95 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 6 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 7 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.15,748.81 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 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 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



D. Babu Raghavendra
D. Babu Raghavendra
Partner

Membership No:213274

UDIN: 21213274 AAAAB02464

Place: Hyderabad

Date: 12th February 2021

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

Consolidated Unaudited Financial Results for the Quarter / Nine Months Ended December 31, 2020

Rs. In Lakhs

SI No	PARTICULARS	Consolidated					
		Quarter ended			Nine months ended		Year ended
		31-12-2020 (Unaudited)	30-09-2020 (Unaudited)	31-12-2019 (Unaudited)	31-12-2020 (Unaudited)	31-12-2019 (Unaudited)	31-03-2020 (Audited)
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III	Total income (I+II)	43,392.41	28,722.99	45,708.16	1,18,840.22	1,30,024.62	1,73,351.02
IV	Expenses						
	a) Cost of materials consumed	20,411.43	12,223.17	20,369.17	51,893.29	56,698.33	78,562.41
	b) Purchase of Stock-in-Trade	31.13	71.00	213.79	142.33	887.47	1,395.01
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	(204.52)	494.75	(181.44)	3,930.82	770.31	(501.13)
	d) Power and Fuel	14,395.82	10,392.77	17,138.07	40,662.55	52,092.15	70,123.06
	e) Employee Benefits Expense	2,147.20	2,209.83	2,602.55	6,705.32	8,321.70	10,532.74
	f) Finance cost	8,881.41	8,883.54	8,832.49	26,382.31	24,430.00	32,879.39
	g) Depreciation and Amortization Expense	2,080.78	2,075.62	2,063.01	6,192.05	6,179.16	8,213.49
	h) Other Expenses	4,998.92	4,998.23	6,628.49	14,208.28	15,345.93	21,381.31
	Total expenses	52,742.17	41,348.91	57,666.13	1,50,116.94	1,64,725.05	2,22,586.28
V	Profit / (Loss) before exceptional items and tax (III-IV)	(9,349.77)	(12,625.92)	(11,957.97)	(31,276.73)	(34,700.43)	(49,235.26)
VI	Exceptional Items	-	14,082.00	-	14,082.00	-	-
VII	Profit / (Loss) before Tax (V-VI)	(9,349.77)	(26,707.92)	(11,957.97)	(45,358.73)	(34,700.43)	(49,235.26)
VIII	Tax Expense:						
	(a) Current Tax	-	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-	77.52
	(c) Deferred Tax	(743.99)	(4,213.48)	(758.95)	(5,725.12)	(2,227.06)	(3,423.56)
		(743.99)	(4,213.48)	(758.95)	(5,725.12)	(2,227.06)	(3,346.04)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(8,605.78)	(22,494.44)	(11,199.02)	(39,633.61)	(32,473.37)	(45,889.22)
X	Profit / (Loss) from discontinued operations	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-

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XII	Profit / (Loss) from discontinued operations after tax (X-XI)	-	-	-	-	-	-
XIII	Profit / (Loss) for the period (IX+XII)	(8,605.78)	(22,494.44)	(11,199.02)	(39,633.61)	(32,473.37)	(45,889.22)
	Attributable to:						
	- Shareholders of the Parent Company	(8,605.78)	(22,494.44)	(11,199.02)	(39,633.61)	(32,473.37)	(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	-	-	-	-	-	-
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	Total Other Comprehensive income, net of tax	-	-	-	-	-	341.65
	Attributable to:						
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XV	Total Comprehensive Income (XIII+XIV)	(8,605.78)	(22,494.44)	(11,199.02)	(39,633.61)	(32,473.37)	(45,547.57)
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	- Shareholders of the Parent Company	(8,605.78)	(22,494.44)	(11,199.02)	(39,633.61)	(32,473.37)	(45,547.57)
	- Non Controlling interest	-	-	-	-	-	-
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XVII	Earning Per Share (of Rs. 1/- each) (not annualised) (for continuing operations)						
	- Basic and Diluted	(1.44)	(3.76)	(1.87)	(6.63)	(5.43)	(7.67)
XVIII	Earning Per Share (of RS.1/- each) (not annualised) (for discontinued operations)						
	- Basic and Diluted	-	-	-	-	-	-
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Notes:

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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 Segregation 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 December 31, 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 / Nine months end, the Company's current liabilities exceeded current assets by Rs 2,13,352.50 Lakhs.

The Company in the month of June 2020 had filed a writ petition in the Hon'ble High Court of Telangana, on account of lenders imposing arbitrary conditions in implementation of the RP after finalising the same in March'2020. The Hon'ble High Court of Telangana granted stay on any coercive actions by lenders. Lenders filed a writ petition seeking vacation of stay in The Hon'ble High court. Notwithstanding the writ petitions filed, the 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 / Nine Months ended December 31, 2020 are drawn on a going concern basis, pending finalization of resolution plan by the lenders.

- 6) The Company has continued to default on repayment of principal and interest during the quarter / nine months 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/nine months 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.

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 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 7 (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/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.
- 9) 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.
- 10) 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 unaudited results of the Company for the period/quarter ended December 31, 2020. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these results.
- 11) 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.
- 12) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable.

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 nine months ended 31st December, 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 5 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.2,13,352.50 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 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.
- c) Note 7 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.15,748.81 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 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.

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.1,828.51 Lakhs as at December 31, 2020, total revenue of Rs.0.19 Lakhs and Rs.0.57 Lakhs, total



net profit/(Loss) after tax of Rs.0.11 Lakhs and Rs.(0.07 Lakhs), total Comprehensive income of Rs.0.11 Lakhs and Rs.(0.07 Lakhs) for the quarter and 9 months ended 31st December 2020 respectively, net cash inflows of Rs.1.94 Lakhs for the period 01 April 2020 to 31 December 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.

Place: Hyderabad

Date: 12th February 2021



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

D. Bapu Raghvendra
D.Bapu Raghvendra

Partner

Membership No:213274

UDIN:21213274AAAA/R/1254