

NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED

Transcript of the 17th Annual General Meeting (17th AGM) held on Friday, September 15, 2023, at 10.05 A.M. (IST), through Video Conferencing at the registered office of the Company situated at D. No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082, Telangana, to transact the business set out in the notice of the 17thAGM.

Mr. Vijaya Bhasker M (Company Secretary): Good morning to all the shareholders of the company. It is indeed a great pleasure to have you all to participate in the 17th Annual General Meeting of your company.

I welcome Mr. Uday Shankar Jha, chairman of the board and the directors of the company to the 17th Annual General Meeting of the Company.

The chairman of the board shall chair the meeting.

Before the meeting is open for transacting the business set out in the notice of the 17th AGM, I would like to highlight certain important points with regard to this AGM.

The Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) has permitted the companies to hold their Annual General Meeting through Video Conferencing or Other Audio Visual Means and also allowed Companies to send Annual Reports and the notice convening the Annual General Meeting electronically. Consequently, the 17th Annual General Meeting of the company is being conducted through video conferencing / Other Audio Visual Means without the presence of members at a common venue.

The soft copy of the Annual Report has been sent to all the members whose email addresses are registered with the company or In-house transfer agent or the Depository participant.

The Meeting opened 15 minutes before the scheduled time of the commencement of the meeting, which is 10.05 A.M. and it will remain open for another 15 minutes after the end of the meeting.

Members are encouraged to join the meeting through their laptops and headphones for a better experience and use Internet with a good speed to avoid any disturbance during the meeting. Participants connecting via mobile hotspot may experience Audio/visual loss due to fluctuations in their respective network, it is therefore recommended to use the stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

As mentioned in the notice, the facility of participation at the AGM through video conferencing or other audio visual means has been made available for members on first come first serve basis, except for large shareholders, promoters, institutional investors, directors, key-managerial personnel, the chairperson of the audit committee, nomination and remuneration committee, and stakeholders relationship committee as well as the auditors who are allowed to attend the meeting without any restrictions on account of first come first serve basis.

Consequent to the circulars issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the body corporate is entitled to appoint authorized representatives to attend the AGM through Video Conferencing or audio/video means and participate and cast their votes through e-voting. The registered office of the company situated at Door No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082 shall be deemed as the venue for this meeting and proceedings of the AGM shall be deemed to be made here at.

To transact the businesses as mentioned in the notice, the members were provided an opportunity to inspect all documents referred to in the notice and the explanatory statement by writing to the company at its email ID investors@nfcl.in till the date of

AGM and we have received requests from 18 members for registration as speaker shareholders for the AGM. All those shareholders have been provided specific links to log in to the meeting and to speak once the Chairman directs the same. We request the speakers to limit their speeches for the benefit of other shareholders. The Chairman would respond or clarify queries at the end of the meeting.

With this, I now hand over the proceedings to the Chairman.

Thank you.

Mr. Uday Shankar Jha, Chairman: So now I call the meeting to order. Dear esteemed Shareholders. Good Morning to you all.

I on behalf of the Board of Directors of NFCL pleased to welcome you all to the 17th Annual General Meeting of the company.

I welcome Mr. K Rahul Raju, Managing Director, Mr. Chandra Pal Singh, Nominee Director, Mr. Rajendra Mohan Gonela, Mrs. Lalitha Raghuram and Mr. Sudhakar Kudva, Independent Directors to the 17th Annual General Meeting of the Company.

In terms of the Companies Act, 2013, thirty members personally present will form the quorum

As the requisite quorum is present the Meeting may now commence.

With your consent, I will take the notice convening the 17th Annual General Meeting, the Board's Report along with annexure thereto and the Annual Accounts for the financial year ended March 31, 2023 as read.

As required under Section 171 of the Companies Act, 2013, the Register of Directors' Key Managerial Personnel's and their shareholding are open for inspection electronically,

Thereupon, Mr. Uday Shankar Jha, Chairman, addressed the members of the Company.

Dear esteemed Shareholders, I welcome you all to the 17th Annual General Meeting of your Company. I hope that you and your family are safe and healthy.

Prospects for a robust global economic recovery remain dim. Stubborn inflation, rising interest rates and heightened uncertainties are creating obstacles for sustainable growth. The effects of the COVID-19 pandemic, the war in Ukraine, the climate crisis and rapidly shifting macroeconomic conditions, are clouding the economic outlook and challenging efforts to achieve the Sustainable Development Goals (SDGs)

Inflation remains stubbornly high in many countries. Upward price pressures are expected to slowly ease, inflation in many countries will remain well above the comfort zone of central banks. Amid local supply disruptions, high import costs and market imperfections, food inflation is still high in most developing countries, disproportionately affecting women, children and the poor and exacerbating food insecurity.

Despite the global slowdown, India's relatively robust domestic economic growth rate continues to be resilient despite signs of moderation in growth and stronger than in many peer economies and reflects consumption and lesser dependence on global demand.

The Government of India's strong infrastructure push under the Prime Minister's Gati Shakti (National Master Plan for Multimodal Connectivity) initiative, logistics development, and industrial corridor development will contribute significantly to raising industrial competitiveness and boosting future growth.

Agriculture plays a significant role in India's growing economy. The continuous technological innovation in the Indian agriculture sector plays a critical role in the growth and development of the Indian agriculture system. The future of agriculture seems to involve on the developed technologies like new innovative products, modern agriculture implements, use drones, temperature and moisture sensors, aerial images, and GPS technology. Farms will be able to be more productive, efficient, safe, and environmentally sustainable due to emphasis is on "sustainable agriculture"

India is second largest consumer of fertilizer. The government is working on to reduce dependency on imports with focus on value added fertilizers like gold urea and promotion of organic fertilizers

The rise in agricultural production and several government initiatives to enhance credit availability along with increasing investments in Agri-sector are supporting the growth in Indian fertilizer sector. With the India's sustainable production of food grains, the consumption of fertilizer is expected to increase over the coming years in the country.

The country imports urea about 1/3rd of urea consumption. Even for the balance 2/3rd produced domestically; India depends on import of natural gas to the extent of 80%.

Your Company is primarily in urea and micro irrigation business. As the year ended March 2023, the company produced 11.21 LMT as against 9.14 LMT in previous year. The production for the year 2022-23 is less compared to the usual levels, owing to single plant operation from 1st October 2022 till the end of financial year. The main reason of lower production was availability of gas.

Micro Irrigation Division had achieved a production of 109.59Lakhs Meters in FY 2022-23 against 4.19 Lakh Meters during the previous year.

Your Company achieved a sale of 100% urea manufactured during the year of 11.20 LMT compared to 9.18 LMT in the previous year.

As on March 31, 2023, the Company recorded a loss after tax for the year amounting to Rs.900.09 crores against Rs. 669.91 crore for the previous year.

Further, as on 30th June 2023 the accumulated losses stand at around Rs.4,692 Crores and the negative net worth stands at around Rs 2874 Crores.

It may be noted that fertilizer industry especially the Urea Sector is highly regulated with little to no margins for depreciated units who operate at government mandated energy norms. Almost 99% of its revenues are from the Urea business after revenues from the non urea business dwindled due to lack of working capital. The company has been making cash losses since 2014-15 due to GAIL gas pipeline accident and the non-implementation of CAP and the over dependence on the Urea business. The company is currently operating beyond energy norms due to wrong classification and lack of adequate CAPEX resulting in cash losses at EBIDTA level on account of not getting reimbursed the actual cost of energy expenditure.

Without prejudice to the ongoing disputes with lenders (where the company is disputing debt and security), the company's debt stands over Rs 3000 Crores. The company does not have operating cash flows to repay debt and all the assets of the company are fully charged in favor of lenders.

In addition to high amount of debt and cash losses the company requires substantial funds to revive its operations: About Rs.400 Crores of CAPEX for reliability and energy and Rs.100 Crores working capital margin, in addition to around Rs.900 Crores of Working Capital Limits which the company is unable to fund.

In March 2023 the company received communication from Asset Care and Reconstruction Enterprise Limited (ACRE) an Asset Reconstruction Company (ARC) that it has taken over the debt 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. The Company is under SARFAESI notice by Asset Care and Reconstruction Enterprise Limited (ACRE) an Asset Reconstruction Company (ARC).

The Company would like to provide a brief overview of the initiatives taken by the company since last few years:

1. New Business Divisions (Acquisition of Micro Irrigation Business, Creation of National Distribution, Sale and Marketing Network & Industrial Services) added substantially to NFCL's Customer Base, Top Line and Bottom Line.
2. Urea Manufacturing Growth - Significant Urea Capacity Increase, Energy & Water Reduction/Conservation Projects.
3. Organization Development Programs - Enhanced Planning, Controls and Reviews, Automation, Training and Development Programs across Functions and Businesses.
4. Less than 50% of NFCL's revenues in 2013 were from Manufactured Urea. Non-Urea revenues from growing and profitable fertilizer distribution business, micro irrigation businesses contributed majority of the company's revenues. Between 2004 to 2013, the new management successfully turned around NFCL and exited Corporate Debt Restructuring (CDR) and paid full recompense.
5. The company became India's largest private sector fertilizer company by sales volume by 2013.

In view of the above-mentioned facts and considering the revival and to normalize the operations of the company, the Board has considered the proposal for Slump Sale and Debt Resolution and recommended for the approval of the Members of the Company the Slump Sale and Debt Resolution.

The salient features of the slump sale on going concern basis are as under:

1. The Urea Manufacturing Plant at Kakinada, Andhra Pradesh - including the two (2) Urea Manufacturing units & plant machinery, underlying, and identified land of 585 acres, current assets, and related liabilities.
2. Micro Irrigation systems manufacturing facilities located in two places in Telangana and one in Gujarat. i) Nacharam (HDPE pipes, 88 million meters capacity) and ii) Sadashivpet (PVC pipe 8,374 MT capacity), iii) Halol (HDPE pipes, 80 million meters capacity), Three manufacturing units & plant machinery, underlying land, current assets, and related liabilities.
3. All manufacturing licenses, permissions & approvals taken for the above businesses.
4. Transfer of all related employees, other than the Sales & Distribution and select corporate staff required to continue the business of the company.
5. 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.
6. The transaction is subject to terms and conditions precedents, including lenders approval and recognition and reimbursement of energy claims among others.
7. Urea produced from the transferred Urea Business will be distributed in India by Nagarjuna Fertilizers and Chemicals Limited (NFCL) on commercially reasonable terms. An agreement to the effect would be entered into along with the slump sale agreements.
8. Without prejudice to the ongoing disputes, One Time Settlement (OTS) as debt resolution for amount of Rs 1500 Crores, for a debt outstanding of around Rs 3000 Crores) would be proposed to lenders to be paid through proceeds of slump sale of Ammonia/Urea and MI business and sale of other remaining non-core assets.

The objective of the transaction are as follows:

1. Exit NCLT and SARFAESI process as it may result in losses to Financial and Operating Creditors and Shareholders: As stated above as on 30th June 2023 the accumulated losses stand at around Rs.4,692 Crores and the negative net worth stands at around Rs 2874 Crores. The company requires substantial funds to revive its operations: Rs.400 Crores of CAPEX for reliability and energy and Rs.100 Crores working capital margin, in addition to around Rs.900 Crores of Working Capital Limits. The company does not have cash flows to invest in Capex to continue operations. Without prejudice to the ongoing disputes (where the company is disputing debt and security), the company's outstanding debt stands at around Rs 3000 Crs. The company does not have operating cash flows to repay debt and all the assets of the company are fully secured.
2. Repay Financial and Operating Creditors
3. The company in the short to medium term will continue distributing urea produced by AM Green Ammonia India Private Limited and rebuild its distribution business. It will have equity of 19.7% in AM Green Ammonia India Private Limited (subject to the acquirer not calling on the equity) and will pursue claims against GAIL in Honorable High Court of Delhi. Once the company generates adequate positive cash flows from operations/investments/claims it will deploy it in the future biz plan of the company including green fertilizers.

The said transaction of Slump Sale and Debt Resolution with funding is coupled with risks such as:

1. Government may not approve reimbursement of energy claims to NFCL despite recognizing and reimbursing higher energy costs to other urea units.
2. The lenders may not approve 50% realization of dues i.e. Rs 1500 Crores and may expect higher realization.
3. The company may not be able to fulfill other Conditions Precedents/Terms to the transaction.

4. The company may not be able to exit NCLT and SARFAESI process which are required to exit before the completion of transaction.
5. The risks are not comprehensive; the company may face other risks not anticipated.

Future outlook:

If the transaction is concluded: the company in the short to medium term will continue distributing urea produced by buyer and rebuild its distribution business. It will have equity of 19.7% in AM Green Ammonia India Private Limited (subject to the acquirer not calling on the equity) and will pursue claims against GAIL in Honorable High Court of Delhi which are substantial. Once the company generates adequate positive cash flows from operations/investments/claims it will deploy it in the future biz plan of the company including green fertilizers. With effort we see a new and bright future for the company.

If the transaction does not go through due to energy norm not getting approved by government, the transaction is not getting approved by competent authorities, the company not being able to obtain approvals from the competent authorities, exit NCLT and SARFAESI process, the company not being able to fulfill other conditions precedent/obligations of the transaction the company future would remain highly uncertain.

Finally, I would like to state that your company has demonstrated time and again its ability to face challenges and overcome adversities.

The fundamentals of your Company remain strong and we will continue to work for sustainable development & growth of the Company.

I convey my deep appreciation and sincere thanks to our fellow Board members for leading the Company through this challenging year. I also convey my sincere appreciation to our management and staff for the hard work they have put in and commitment they have shown during the challenging time.

I thankfully acknowledge the strong support received from the shareholders, employees, channel partners and Governments during these challenging times and look forward to engaging with them more intensely.

In anticipation of a bright future, I convey our sincere thanks to our shareholders for their continued trust in the Company and its Management.

Thanking you all.

Ok now turning to the formal business, I now call upon the Company Secretary to read the auditor's report.

Mr. Vijaya Bhasker M, Company Secretary: Thank you, sir.

In terms of section, 145 of the company Act, 2013 and the Secretarial standards on General Meeting issued by the Institute of company securities of India, the auditor's report is required to be read at the Annual General Meeting.

Further the qualification, observations or comments or other remarks, If any, mentioned in the auditor's report on the financial transactions, Cost Audit Report and Secretarial Audit Report, which have any adverse effect on the functioning of the company shall be read at the Annual General Meeting.

With the request of the members present, I would read the 1st and last paragraphs of the Auditor's report.

Independent Auditors Report

To

The members of

Nagarjuna Fertilizers and Chemicals Limited

Report on the Audit of the standalone financial statements

In terms of Section 145 of the Companies Act, 2013 and the Secretarial Standards on General Meeting issued by Institute of Company Secretaries of India, the auditor's report is required to be read at the Annual General Meeting.

Further the qualifications, observations or comments or other remarks, if any, mentioned in the Auditor's Report on the financial transactions, Cost Audit Report and Secretarial Audit Report, which have any adverse effect on the functioning of the company, shall be read at the Annual General Meeting.

Qualified Opinion

We have audited the accompanying Ind AS Standalone Financial Statements of M/s Nagarjuna Fertilizers and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

For P Murali & Co.

Chartered Accountants

(Firm's Registration No. 007257S)

A Krishna Rao

Partner

UDIN: 23020085BGQXST5886

Hyderabad

22.06.2023

June 22, 2023

The Statutory Auditors' of the Company have submitted the Statutory Auditors Report for the year ended March 31, 2023 and have invited attention as under:

Basis for Qualified Opinion:

Notes No: 14 and 26 in the standalone financial statements wherein the company explained that the lenders (Banks) of the company have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015 and though the company represented the matter to the lenders for necessary corrective action, the same has not been rectified till date

Management Explanation to Auditors' Qualification

Qualification on Note No. 14& 26 to the standalone audited financial statements discussed in detail on implementation of Corrective Action Plan is self-explanatory and does not call for any further comments.

Emphasis of Matters:

- a) Note No 32.3(ii): Hon'ble NCLT admitted a petition filed by an operational creditor to initiate the CIRP against "the Company" under the provisions of the I&BC, 2016, which has since been stayed by the Hon'ble NCLAT.

Management Explanation to emphasis on the matter

- a) Emphasis of Matter given in Note (i) of the Auditor's Report on standalone financial statements read with Note 32.3(ii) of Notes forming part of the standalone financial statements for the year ended March 31, 2023, are self-explanatory and do not call for any further comments.

Emphasis of Matters:

- b) Note No 20.1: "The Company" has recognised Income from Urea Operations, Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation/de-escalation during the quarter in terms of new Urea policy

(NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector. Adjustments, if any, required will be considered on notification of final prices.

Management Explanation to emphasis on the matter

- b) Emphasis of Matter given in Note (ii) of the Auditor's Report on standalone financial statements read with Note 20.1 of Notes forming part of the standalone financial statements for the year ended March 31, 2023, are self-explanatory and do not call for any further comments.

Emphasis of Matters:

- c) Note No 32.4: Amlika Mercantile Private Limited, one of the Promoters of "the Company" appealed against Hon'ble NCLT Order in Hon'ble NCLAT on behalf of "the Company" and on the request of "the Company", arranged a third-Party buyer for the debt of Key trade and deposited an amount of Rs. 20 Crores with the Hon'ble NCLAT. With the support of this, Hon'ble NCLAT vide its orders dated 14th September, 2021, has stayed the orders of the Hon'ble NCLT and the stay is continuing as on date. "The Company" would be liable to the Third Party instead of Key trade in case the Key trade assigns the debt and security. "The Company" is also liable for servicing the interest during the period of deposit with Hon'ble NCLT till the date of debt assignment. "The Company" is yet to receive the claim on account of interest.

Management Explanation to emphasis on the matter

- c) Emphasis of Matter given in Note (iii) of the Auditor's Report on standalone financial statements read with Note 32.4 of Notes forming part of the standalone financial statements for the year ended March 31, 2023, are self-explanatory and do not call for any further comments.

Emphasis of Matters:

- d) Note No 32.2: Claim from a related party asserting its right for Royalty for the period from 29.01.1998 onwards, which is under review by “the Company” for appropriate action and consequent recognition in the Books.

Management Explanation to emphasis on the matter

- d) Emphasis of Matter given in Note (iv) of the Auditor’s Report on standalone financial statements read with Note 32.2 of Notes forming part of the standalone financial statements for the year ended March 31, 2023, are self-explanatory and do not call for any further comments.

Emphasis of Matters:

- e) Note No 32.1: The claims as per the International Arbitration Awards passed against “the Company” in September 2016 and October 2017, aggregating to USD 15,275,688 GBP 742,944 and EUR 455,000 and INR 221.39 Lakhs (equivalent Aggregate amount of Rs. 13945.14 Lakhs) and interest thereon as applicable apart from costs, are continued to be shown as a contingent liability since the matter being sub-judice.

Management Explanation to emphasis on the matter

- e) Emphasis of Matter given in Note (v) of the Auditor’s Report on standalone financial statements read with Note 32.1 of Notes forming part of the standalone financial statements for the year ended March 31, 2023, are self-explanatory and do not call for any further comments.

Emphasis of Matters:

- f) Note No 33.3: The lenders are yet to approve the managerial remuneration approved by the Shareholders for the Managing Director.

Management Explanation to emphasis on the matter

- f) Emphasis of Matter given in Note (vi) of the Auditor's Report on standalone financial statements read with Note 33.3 of Notes forming part of the standalone financial statements for the year ended March 31, 2023, are self-explanatory and do not call for any further comments.

Mr. Uday Shankar Jha, Chairman: Dear esteemed members now I open the meeting for discussion i.e., the Question Answer session. I request esteemed member who is asking question to please call out your name and ask your question in brief. We will take note of the questions and then at the end we will respond to them.

Mr. Vijaya Bhasker M, Company Secretary: I request the moderator to enable Mr. Anil Babubhai Mehta who has registered as a speaker shareholder.

Moderator Arjun: Sir, Mr. Anil Babubhai Mehta is not present in the meeting. Can we move to the next speaker?

Thank you Sir, the next speaker shareholder is Mr. Srikanth Jhawar or Kamal Jhawar.

Moderator Arjun: Mr.Srikanth kindly un-mute and speak please.

Mr. Srikanth Jhawar: Sir, am I audible

Mr. Vijaya Bhasker M, Company Secretary: Yes sir. Please go on.

Mr Srikanth Jhawar: Good Morning Sir. My Name is Srikanth Jhawar. The Annual General Meeting is conducted in video conference mode for the fourth time after covid and I hope that the same is again conducted in video conference mode. My first question is Explain the future of business plan of the Company after the slump sale transaction. Kindly put some light on the same sir. Sir kindly explain the special resolution in point number 8 about debt resolution and funding.

Mr Kamal Kishore Jhavar: Hello sir. My name is Kamal Kishore Jhavar. There is a problem in my internet connection due to rains. I do have the speaker registration. Greetings to the Chairman. I have a question sir. What is the status of NCLT case against the Company?

Also this company is very big and reputed company and I am one of the small investor. I am the shareholder of the company for about 25-30 years and I am presently holding about 17000 shares. What return or benefit would we receive.

Secretarial department is very good sir. They have provided us with a link and they resolve all our problems whenever we contact them.

I wish you all Happy Dussehra and Happy Diwali in advance.

Uday Shankar Jha, Chairman: Thank you Sir.

Mr. Vijaya Bhasker M, Company Secretary: Thank you Sir.

Next Speaker is Mr. Praful Chawda

Moderator Arjun: Mr. Praful chawda kindly un-mute and go ahead.

Mr Praful Chawda: Sir, am I Audible.

Uday Shankar Jha, Chairman: yes sir

Mr Praful Chawda: Chairman, Board of Directors and my fellow Shareholders. Sir I would like to ask you that which of our products receive subsidy from government. Is the subsidy received by the Company or it directly goes to the customer. What is the system of the government regarding subsidy and what are the products which are solely produced by NFCL and it has monopoly on which products. Is our Research and Development Centre bringing any new product. Kindly enlighten about the same. Our Chairman has already informed everything in his speech but what will be the future of

the Company and the plight of shareholders and investors as we are still in confusion. CSR is working efficiently and kindly continue the same. Sir I also would like to wish you in advance for the upcoming festivals.

Thank you.

Mr. Vijaya Bhasker M, Company Secretary: Thank you Sir. Thank you very much.

Uday Shankar Jha, Chairman: Thank you.

Mr. Vijaya Bhasker M, Company Secretary: Next, I request the moderator to please enable Mr. Santosh Kumar Saraf.

Moderator Arjun: Mr Santosh Kindly un-mute and go ahead.

Santosh Kumar Saraf: Mr Arjun. Can you please allow me video.

Moderator Arjun: Give me a moment please.

Santosh Kumar Saraf: Please allow video.

Respected Chairman, Board members and my fellow shareholders.

My name is Santosh Kumar Saraf. I will speak in Hindi as it would be more convenient for me to express my thoughts. Sir, You have already spoken of many things in your speech and we have understood the same. Sir you are doing a slump sale to A.M. Green pvt. Ltd. Company for 1500 crores but sir your debt or accumulated losses stand at 4000 crores and 3000 crore debt. So how will the sale for 1500 crore to the private company help in revival of the company. Even then we have 1500 crore loss and 4600 crores accumulated losses. How will this make up?

And the main business of the company of production of urea is being sold to the Private Company. So what business is left for the Company and what is the future plan of the Company. It would have been better if the Company would have undergone into a joint venture with a good promoter like Adani. What are the steps taken for rain water harvesting and what is being done for renewable energy. Kindly speak about it sir. The Company has debts from IDBI and Asset Reconstruction Company. Have they given permission about the same? Have you already talked to them about the same? The legal formalities would be taken up afterwards but firstly they need to be informed of the transaction as they have lent huge amount to the company. What else should I say sir? I do not understand that coromandal fertilizers are doing well, Gujarat Fertilizers is doing well and there are many other Companies in India which are doing well. Why only our Company is failing and accumulated losses of 4600 crores have been recorded.

There is monopoly business of fertilizer industry in India. India has 75% of domestic production and 25% has to be imported. Hence it is clear that there is shortage of production of fertilizers.

Kindly explain regarding the present condition of Business. I would not take your further time as you yourself know well. I request you to please provide video conference meeting in future as well as it would be easy for us to convey our thoughts.

Lastly I would like to thank all the employees of the company for their hard work in the progress of the company. Some of the employees are being transferred to AM Green private limited but for the others who stay at Nagarjuna Fertilizers and Chemicals Ltd, we hope that through their consistent hard work we will be able to revive our company. Kindly enlighten us on the plan of action of the company. Video conference meeting should be continued. I would also like to thank the moderator for his constant efforts and would like to end my speech with the same. I would like to wish you for the new year and financial year 2023-24 and hope that this year is full of health and safety for you and your family.

Thank you.

Mr. Vijaya Bhasker M, Company Secretary: Thank you sir.

I request the moderator to un-mute Bharat H Shah.

Moderator Arjun: Mr. Bharat H Shah is not present in the meeting.

Mr. Vijaya Bhasker M, Company Secretary: OK Moving on to another shareholder. I request the moderator to enable Mr. Sarvjeet Singh.

Moderator Arjun: Sir Mr. Sarvjeet Singh is not present in the meeting. Can we move on to next Speaker sir.

Mr. Vijaya Bhasker M, Company Secretary: OK Thank you.

Connect to the next Share holder Mr. Om Prakash Kejriwal.

Moderator Arjun: Sir Om Prakash Kejriwal is also not present at the meeting sir.

Mr. Vijaya Bhasker M, Company Secretary: Is there a problem?

Moderator Arjun: No sir.

Mr. Vijaya Bhasker M, Company Secretary: Moving on to the next speaker, I request the moderator to please enable Mr. Ramesh Manguluri.

Moderator Arjun: Mr Ramesh Manguluri, kindly un-mute and go ahead please.

Mr. Ramesh Manguluri: Hello. This is Ramesh Manguluri speaking from Hyderabad sir. Good Morning everyone. Sir this is regarding resolution No.7, Ammonia manufacturing plant and micro irrigation business to M/s. AM Green Ammonia (India) Private Limited for Rs.1700 crore on a slump sale basis. The buyer is not known in the fertilizer industry and not a working player in private equity fund and does not seem a company that has first right of buying anything or such sale. Sir it is a freshly

incorporated on 25th July 2023 with authorized capital of 10 lakh and paid up capital of 1 lakh. What is the basis for arriving at this sale price? Whether a process for competitive bidding to disclose the market value was undertaken by the company? Post transaction what will be the future of the company? How will the company work without assets and liabilities? We would like to know about the same sir. Now coming to the accounts, we noticed that there is an increase in a deferred tax credit from Rs.31 Cr to 237 Cr. Please clarify the same. And why the finance cost is more compared to previous year. I would like to know about the same.

Thank you very much.

Mr. Vijaya Bhasker M, Company Secretary: Thank you sir. I request the moderator to please enable Mr. Suresh Chand Jain.

Moderator Arjun: Mr. Suresh, kindly un-mute & go ahead please.

Suresh Chand Jain: Hello, Am I audible.

Respected chairman Sir, Directors and fellow shareholders,

Sir the speech of half an hour given by you was very informative and I congratulate you and your team for the same. Sir we have 585 acres of land in Kakinada and in other places as well. I am a physical shareholder as for about 25-30 years and still I have physical shareholding. I have seen you put your hard work for years but still we are not able to reap success. We used to do well before and applaud you for that but the same has changed today. Sir you have good Political level, official level and you yourself are a very strong man but still the Company could not reach success. There must be some reason for the same.

Sir I do not want to ask you any question because the same has been answered in Chairman's Speech. Other shareholders have also asked certain questions which I do not want to repeat. I pray to god that you keep working hard through dedication and perseverance wish you success for all your endeavors. With this prayer, I would like to end my speech. Because we are familiar to each other as I am from Hyderabad and

have done many physical meetings with you. You would also recognize me and I urge you to keep doing hard work for our company.

Uday Shankar Jha, Chairman: Thank you Sureshji for your Kind words.

Mr. Vijaya Bhasker M, Company Secretary: Thank you sir. I request the moderator to please enable Mr. Surendra Kumar Mishra.

Moderator Arjun: Mr. Surendra Kumar Mishra has not enabled his audio sir.

Uday Shankar Jha, Chairman: Is there any problem?

Mr. Vijaya Bhasker M, Company Secretary: No Sir. Shall we move on to next shareholder sir?

Moderator Arjun: Yes sir.

Mr. Vijaya Bhasker M, Company Secretary: Moderator, kindly enable Mr. Rohit Vinod Ohri.

Moderator Arjun: Rohit sir, kindly un-mute and go ahead please.

Rohit Ohri : I have already sent the query list so it would be great if you could answer the same. Thank you.

Uday Shankar Jha, Chairman: Did we get the list?

Mr. Vijaya Bhasker M, Company Secretary: No sir, we will promptly reply to you as we receive the query list.

Rohit Ohri: Thank you very much sir.

Mr. Vijaya Bhasker M, Company Secretary: Moderator please enable Ms. Swaran Lata

Moderator Arjun: Sir Swaran Lata is not present in the meeting sir.

Shiva Prasad: No Arjun Swaran Lata in attendance list.

Moderator: No sir, madam is not present in the meeting.

Shiva Prasad: CS sir we will take up other speaker first and then we will take up Swaran Lata later.

Mr. Vijaya Bhasker M, Company Secretary: Moderator please enable Ms. Bharati Saraf.

Bharati Saraf : Respected Chairman and Board members, I am a joint holder in Bharati Saraf.

1. What is the Debt equity ratio at present?
2. What steps have been taken to prevent Gas Pipeline accident in future?

Mr. Vijaya Bhasker M, Company Secretary: Thank you sir, thank you very much.

Mr. Vijaya Bhasker M, Company Secretary: Moderator please enable Mr. K Bharat Raj.

K Bharat Raj: Sir, I am calling from Hyderabad. It was a Wonderful speech given by our Chairman under the leadership of our MD Mr. Rahul Raju. Sir is working hard and taking my Company to the next level. Sir, I in your entire speech you have given clarity of what is the vision of the company to come out of Debt. There are no questions to ask but one thing I want to bring to your notice sir, as early as possible make sure that we come out of Debt because this is the legacy of our promoters who have built the Company. So I don't want the Company to lose and I hope Mr. Rahul Raju our MD is working hard to come out of this situation. Sir I once again thank the secretarial department for sending the Annual report and entire links. I once again give my wishes.

And there is one more shareholder whose name is Reddeppa Gundluru. He is with me sir, kindly allow him to talk to you.

Chairman Sir and Company secretary, my name is Reddeppa Gundluru. I am from Hyderabad. I am a financial advisor sir. Sir as a technical problem I am speaking from Bharat Raj's login sir. Thank you so much for allowing me to speak. As a shareholder I am very happy. I am one of the oldest shareholders in this company. I commend you as the way of doing the corporate governance is very good and wonderful. Though Business faces ups and downs, corporate governance should be taken care of. We have faith in Mr. Rahul Raju and Board of Directors. In the coming financial year we will surely achieve many more financial targets under the leadership of Mr. Rahul Raju. I have received annual report well in advance sir. I don't need to ask any financial questions. We are with you Sir. I have marked all the resolutions. The Secretarial Department is also giving wonderful services especially Mr. Anji Reddy. They immediately clarify all our queries. The annual report preparation is wonderful. We are with you sir. Go head take decisions for company's growth.

Thanking you.

Uday Shankar Jha, Chairman: Thank you very much for your good words.

Mr. Vijaya Bhasker M, Company Secretary: Moderator please enable Mr. Afzal Ali.

Moderator Arjun: Mr. Afzal Ali is not present in meeting.

Mr. Vijaya Bhasker M, Company Secretary: There is one name with Afzal please check.

Moderator Arjun: No Sir earlier he was there but currently he is not available.

Mr. Vijaya Bhasker M, Company Secretary: Moderator please enable Mr. Shabahath Ali Khan.

Shabahath Ali Khan: Good morning Sir.

Uday Shankar Jha, Chairman: Good morning

Shabahath Ali Khan: Sir, Can you hear me?

Uday Shankar Jha, Chairman: yes.

Mr. Vijaya Bhasker M, Company Secretary: Yes Sir please go on sir.

Shabahath Ali Khan: Sir first of all my name is Shabahath Ali Khan. Thank you for giving me the opportunity for speaker registration. Sir I am also a physical shareholder and holding about 7000 shares. Are you changing the name of the company from Nagarjuna Fertilizers and Chemicals Limited to Kakinada Fertilizers Limited? Are you merging with Kakinada Fertilizers Limited? And Sir, when did the share price increase? From past 5 – 6 years the share price is about 8 – 9 Rupees. I would also like to know what will be the financial results this year. Thank you for giving me opportunity as a speaker shareholder.

Thank you so much Sir.

Mr. Vijaya Bhasker M, Company Secretary: Moderator please enable Mr.Sujath Ali Khan.

Moderator Arjun: Sujath Ali Khan is not present in the meeting sir.

Mr. Vijaya Bhasker M, Company Secretary: Thank you sir

Moderator Arjun: Sir also Swaranlata who was not un-muting left the meeting.

Uday Shankar Jha, Chairman: Ok thank you very much for the relevant questions many of whose answers I have already covered in my chairman speech but we will further elaborate on that. First we would like to take uncommon questions and then I request the Managing Director to answer common questions.

So the first uncommon question is from Mr.Praful Chawda i.e. which products receive subsidy and whether subsidy goes to public. What is the process? You know subsidy is given for urea. Urea is the fertilizer product which we make and the same is subsidized. Urea is subsidized to the farmers but it is given to the company that is the

Administrative process. Farmer buys urea at a subsidized rate and then the Government determines cost of production and difference between assessed cost of production and the sale price is given to the company at the point of sale. So it is provided to the farmer but routed through the company.

And with regards to the question whether the new product is coming, so as you know the Research and Development at present because of financial stress is kept on hold but as soon as we come out of all this we will reactivate R & D and work on that.

One Mr.Saraf, he was very concerned that at one time NFCL was ahead of Coromandal but now it lagging behind. As we have been explaining you the reason for which we have gone into losses were not within the hands of the company. It has happened due to a GAIL accident in 2014. As I have already told you, how well we were doing till 2013-14 we were a debt- free company but because of accident of GAIL of which the company is not responsible and then the subsequent lack of support added to the burden. We have been facing losses leading to the current situation which we are trying to get out through this deal.

The other question of why this year the losses have gone high and what is debt equity ratio by Bharati saraf will be answered by MD.

By at large then they are common question regarding slump sale and future of the Company etc. I would request MD Mr. Rahul raju to respond to these common questions.

And thank you very much for the good words that you have spoken about the company. Now I hand over to Mr. Rahul Raju to answer those questions.

Rahul Raju, Managing Director: Good morning to all shareholders once again,

I will answer all the questions together rather than question wise. As you are aware, you all know that as rightly pointed out till 2013-2014, we were doing extremely well and we had very little term debt in the books of Company. Majority of our company's revenue were coming from non-manufacturing Urea business where we saw the future of the company in those businesses which were unregulated. But unfortunately because of the

GAIL accident, leak of gas, the company had to shut down its facilities because of the way the urea policy is made. Despite of our claim we didn't get any compensation from the government. The insurance company also rejected company claim stating that it is not force majeure event. Based on this the company filed cases against GAIL.

Post accident the company went back to lenders based on track record of the company for coming out of process of CDR where we successfully exited and provided good returns and Company was on its way in becoming debt free Company in 2016-2017. Based on this we asked lenders to implement Corrective Action Plan (CAP). As you are already aware and as the company has been stating in its Annual Report and shareholder's meetings that the CAP was not implemented and we had filed cases against the lenders for not implementing CAP as per RBI regulations.

Because of non implementing CAP the Company businesses could not be revived and in 2018 the banks classified the company's accounts as NPA. There was a question of about why we have not spoken to other major fertilizer companies. We have spoken to all the companies inside the county and outside the country but unfortunately the Urea policy is such that any investment made in the Fertilizer Company could not give such a return to the investors, new investors investing within the company or through SPV.

Unfortunately despite a lot of efforts by a company and lenders who themselves have approached several players. There was not adequate interest in the sector as the company was making such cash loss at the level of EBITA. Because of the Urea policy today we are not able to recover cost of production itself let alone service the lenders and shareholders. The issue in relation to policy is subsisting despite of our repeated attempts with the Govt. Unfortunately the Urea sector and fertilizer sector is looked upon as a cost burden to the Government so anything that requires to increase subsidy level are not taken positively by the Government. If you see both Tata and Birla have exited the Urea sector because of lack of growth or return in this space.

After a lot of efforts the valuation that the company has got is substantially higher than the company has got in past several years. So we had chosen this path on basis of substantial diligence in time to get best value. As you are aware that the company is not in normal circumstances to be able to take action as it deems fit as company has not yet exited NCLT.

The lenders have also imposed SARFAESI about a few months back. Under these circumstances the company felt that this transaction is in the best interest of all Stakeholders, Shareholders lenders and operating creditors. The company is not transferring everything; something is left in the company. The company wants to rebuild its distribution business which constituted the majority of its turnover. The company has brand support and sales and marketing network. So we believe it adds substantial value.

In addition company will be distributing Urea produced by AM Green Ammonia private ltd for a certain period. And company is also continuing its GAIL claim in Delhi High Court as we believe we have a strong case. We believe the future of fertilizers sector is in the space of Green fertilizers. People are moving away from hydro-carbon based fertilizers towards Green fertilizers.

The other question was what is the total debt of company? The total debt stands at 3300CR as claimed by ACRE as part of SAFAESI. The settlement that the Company has proposed has been informed to lenders and told them that we will come back to them after obtaining the requisite approvals to the transaction. As part of the lenders claim, out of the total debt that the company holds to lender the significant sacrifice amount shall be repaid. The same is a matter of negotiation as the company does not have adequate cash flows to repay the loan.

Coming to the question that fertilizer companies are monopolies and why we are not able to make returns as other companies.

No company is a monopoly everything is regulated by Government of India. There are separate policies for phosphates and Potash businesses which allow them adequate margins.

Unfortunately other than new plants, old plants as the Chairman had mentioned are with the norms given by government. There are inadequate cash flows for our company. We are not able to meet Government energy norms. Our cost of production is much more than the energy norms which company has claimed as a recovery from the government as special request to reimburse that is a part of transaction condition.

What is the status of NCLT? As already mentioned there is a stay on the admission by NCLAT the company is working with the applicant in NCLAT to resolve the debt on basis of which we are working to come out of NCLT.

In response to another question, there is no change of name from NFCL to KFL. That was a transaction of about a decade back when KFL was renamed as NFCL.

Coming back to debt equity ratio there is negative debt equity ratio.

One of question was how do we ensure that the GAIL pipeline accident is not repeated again. After the accident, GAIL was penalized by the GAS regularity authority and GAIL replaced the complete pipeline. We expect that if they follow the operating norms by environmental agencies, we assure that it will not be repeated in future.

Somebody has sent mail we shall reply them by mail.

Uday Shankar Jha, Chairman: I think that we covered all the queries and again I thank the esteemed shareholders for showing your trust in the Company. Sure we hope that will come out of the Debt situation.

Now, I request Company Secretary to inform the e-Voting process. Thank you.

Vijaya Bhasker M, Company Secretary: Thank you Sir.

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the company has provided the facility of remote e-voting and e-voting during the AGM to the shareholders to enable them to cast their vote electronically, on all the resolutions set forth in the notice to the 17th Annual General Meeting.

The company had engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting platform to the shareholders.

The detailed instructions on e-voting process were communicated to the shareholders through the Annual Report and through emails to the shareholders, as registered with the company / Depository Participant.

The company provided remote e-voting facility to all the persons who were members as on September 08, 2023, being the cutoff date for vote on all the resolutions set out in the notice of 17th AGM.

The Remote e-voting period commenced from September 12, 2023 at 09.00 A.M. and concluded on September 14, 2023, at 5.00 P.M. Members attending the AGM today who have not casted their vote by remote e-voting are entitled to exercise their right to vote by e-voting.

As the meeting is convened through VC the requirement to propose and second the resolutions is not applicable.

Members who have cast their vote through remote E-voting can participate in the meeting but would not be eligible to vote again at the meeting. Voting, if exercised, will be invalid and the vote cast through remote e-voting will be considered. Voting once exercised will be final and cannot be changed subsequently.

Mr. C S S Krishna, Partner, KBG Associates, Practicing Company Secretaries, has been appointed by the Board of Directors of the company as Scrutinizer for the entire voting process.

The results shall be declared within two working days from the date of the Meeting i.e., on or before September 17, 2023. The results along with scrutinizer report shall also be submitted to the stock exchanges, i.e., NSE and BSE and will also be placed on the website of the company.

Thank you Sir

Uday Shankar Jha, Chairman: Okay. Thank you.

Now I request the Company Secretary to read out the proposed resolutions for the approval of the shareholders.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 1.

The 1st item of the ordinary business is to receive, consider and adopt the 17th Annual Report of the Company, the Financial Statements for the Financial Year ended March 31, 2023 and the Reports of the Directors and Auditors thereon.

RESOLVED THAT the 17th Annual Report of the Company, the Financial Statements for the Financial Year ended March 31, 2023 and the Reports of the Directors and Auditors thereon, be and are hereby received, approved and adopted.”

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 2.

“The next Resolution relates to reappointment of Mr. Uday Shankar Jha, Director of the Company who retires by rotation and being eligible, offers him-self to be reappointed as a Director of the Company”.

“RESOLVED THAT Mr. Uday Shankar Jha, be and is hereby re-appointed as Director of the Company.”

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 3.

“The next Resolution relates to reappointment of Mr. Chandrapal Singh Yadav, Director of the Company who retires by rotation and being eligible, offers him-self to be reappointed as a Director of the Company”.

“RESOLVED THAT Mr. Chandrapal Singh Yadav, be and is hereby re-appointed as Director of the Company.”

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 4

The next resolution which is proposed as a Special Resolution relates to Approval for Appointment of Mr. Sudhakar Kudva (DIN: 02410695) as an Independent Director

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made

thereunder read with Schedule IV of the Companies Act, 2013, Mr. Sudhakar Kudva (DIN: 02410695), Additional Director of the Company, who meets the criteria of independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of five years commencing from June 17, 2023 upto June 16, 2028.”

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 5.

“The next resolution which is proposed as a Special Resolution relates to Re-appointment of Mr. K Rahul Raju, (DIN: 00015990) as a Managing Director for a term of three years

“**RESOLVED THAT** subject to the provisions of Sections 196, 197,198, 203 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the rules made there under, read with Schedule V of the Act and subject to such other approvals and permissions as maybe required in this regard, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. K Rahul Raju as Managing Director of the Company for a period of three Years with effect from August 01, 2023.

“**RESOLVED FURTHER THAT** Mr. K Rahul Raju, be and is hereby paid the following remuneration and perquisites during the term of his office and the same also be paid as minimum remuneration in the event of inadequacy or absence of profits in any financial year, during his term of office.”

1. Salary

- a. Salary (including dearness allowance and all other allowances) – Rs. 5 lakhs per month.
- b. Commission: 0.5% of the net profits of the Company, limited to his annual salary.

2. Perquisites

Perquisites other than medical reimbursement shall be restricted to an amount equal to the annual salary

i. Housing:

- a. The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
- b. In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the company; or
- c. In case no accommodation is provided by the Company, Mr. K. Rahul Raju shall be entitled to house rent allowance subject to the ceiling laid down in clause (a).

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of ten per cent of the salary.

ii. Medical Reimbursement:

Reimbursement of the expenses incurred for self and family subject to a ceiling of Rs. 5 Lakhs per year.

iii. Leave Travel Concession:

Leave travel concession for self and family once in a year, incurred in accordance with the Rules of the Company.

Explanation: Family for (ii) and (iii) means the spouse, the dependent children and dependent parents.

iv. Club Fees:

Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.

v. Personal Accident Insurance:

Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.

vi. a) Company's contribution towards Provident Fund as per the Rules of the Company.

b) Gratuity as per the Rules of the Company.

c) Company's contribution towards Superannuation Fund as per the Rules of the Company.

The aforesaid perquisites stated in (vi)(a), (vi)(b) and (vi) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

vii. Earned Leave:

On full pay and allowances and perquisites, as per the Rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

viii. Car for use on Company's business and telephone at residence shall not be considered as perquisites."

“RESOLVED FURTHER THAT the remuneration specified above for Mr. K Rahul Raju, Managing Director may, subject to overall ceiling specified above and subject to Schedule V of the Companies Act, 2013, be modified as may be agreed to by the Company and Mr. K Rahul Raju, Managing Director.”

“RESOLVED FURTHER THAT the perquisites mentioned above shall be interchangeable within the overall ceiling of the annual salary of Mr. K Rahul Raju, Managing Director.”

“RESOLVED FURTHER THAT the above remuneration be paid as minimum remuneration for the entire tenure of appointment or for such tenure of appointment as may be payable in compliance with applicable provisions of law, subject to such clarifications, notifications or orders as may be issued from time to time, by Ministry of Corporate Affairs.”

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 6.

“The next resolution which is proposed as an Ordinary Resolution relates to approval of remuneration payable to the Cost Auditors for the Financial Year 2023-24.

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), remuneration of Rs. 4 lakhs plus service tax as applicable and reimbursement of out-of-pocket expenses as approved by the Board of Directors to be paid to M/s. D V & Associates (Firm Registration No-001929), Cost Auditors, Hyderabad, to conduct the Cost Audit in relation to the products - 'Manufactured

Fertilizer' and 'Micro Irrigation' of the Company for the Financial Year ended March 31, 2024, be and is hereby approved and ratified"

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 7.

"The next resolution which is proposed as a Special Resolution relates to approval for approve slump sale of slump sale of unit(s) whole or substantially the whole of the undertaking(s) of Ammonia/Urea and MI businesses along with related assets and liabilities.

With the permission of the Members present, I would read the first and last paragraph of the Resolution.

RESOLVED THAT pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable provisions and subject to the approval of the lenders, and such other approvals / permissions required in this regard under the laws applicable to the Company, the members be and is hereby accord its consent (without any prejudice to the ongoing disputes with the lender/s) to transfer the following assets of the company by way of Slump Sale on a going concern basis:

1. The Urea Manufacturing Plant at Kakinada, Andhra Pradesh - including the 2 Urea Manufacturing units & plant machinery, underlying and identified land of 585 acers, current assets and related liabilities.

2. Micro Irrigation systems manufacturing facilities located in Telangana – Nacharam (HDPE pipes, 88 million meters capacity), Manufacturing units & plant machinery, underlying land, current assets, and related liabilities.
3. Micro Irrigation systems manufacturing facilities located in Telangana - Sadashivpet (PVC pipe 8,374 MT capacity), Manufacturing units & plant machinery, underlying land of 5.42 acres, current assets, and related liabilities.
4. Micro Irrigation systems manufacturing facilities located in Gujarat – Halol (HDPE pipes, 80 million meters capacity), Manufacturing units & plant machinery, underlying land of 5 acres, current assets, and related liabilities.
5. All manufacturing licenses, permissions & approvals taken for the above businesses.
6. Transfer of all related employees, other than the Sales & Distribution and select corporate staff required to continue the business of the company.

(hereinafter referred to as “Undertaking”), by way of “slump sale” (as defined under section 2(42C) of the Income Tax Act, 1961) and on a going concern basis, with effect from the date and on such terms and conditions as may be mutually decided by parties through a registered contract, to 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, for a total purchase consideration of Rs. 1700 crores and to be adjusted for the net current assets being transferred as under:

1. Consideration in Cash – Rs. 1365 crores
2. Consideration in Kind – Rs. 335 crores allotted as equity in the Purchaser’s company, representing 19.7% of shareholding in M/s. AM Green Ammonia (India) Private Limited.

RESOLVED FURTHER THAT the Members took note that the Purchaser shall have a call option on the 19.7% equity allotted to Nagarjuna Fertilizers and Chemicals Limited

(NFCL) at closure, to be exercised anytime within one year from allotment at an option price of Rs. 335 crores excluding premium calculated at 12% p.a. on invested value.

RESOLVED FURTHER THAT the Members took note that the Purchaser agrees to distribute Urea produced from the transferred Urea Biz in India through NFCL on commercially reasonable terms (as per government regulations). An agreement to the effect would be entered into as part of the slump sale transaction.

RESOLVED FURTHER THAT the Members took note of the Conditions Precedent for NFCL for closure are as follows:

1. Receipt of Shareholders Approval
2. Receipt of Lenders Approval after shareholders approval from the lenders for the transaction (with Release of all encumbrances over the Asset on the closing date and the sale and transfer of the Assets to the purchaser simultaneously upon payment of the consideration).
3. The receipt of reimbursements from Department of Fertilizers (Government of India) for the actual energy costs incurred by the company from January 2019.
4. NFCL to obtain/support in obtaining the Fertilizer Ministry Approval, and any other such approvals as required under Applicable laws.
5. NFCL to obtain from each counter party to a Contract their signatures on the assignment or novation agreements, in a form satisfactory to the Purchaser.
6. NFCL to make applications/support in applications along with relevant documents for obtaining Approvals for Transfer of the Urea and MI business including but not limited to Approvals from (i) Ministry of Environment and Forests, and (ii) other relevant state or central government authorities.
7. Obtain / Support in obtaining prior approval of the relevant Authority for transfer of the electricity connection pertaining to each of the plants of Urea and MI business.
8. NFCL to pay to the transferred employees any unpaid bonuses, salary (including any arrears), paid leave allowances, entitlements, reimbursements, etc., and all other dues under Applicable Laws.

9. Termination of all related party contracts if any in relation to the transferred business effective on the closing date.
10. NFCL to obtain (i) NOC from the IT department under sec 281 of the Income Tax Act, 1961 valid on the closing date (ii) NOC from the GST department under sec 81 of the GST Act valid on the closing date.

RESOLVED FURTHER THAT the Members took note of the Conditions Precedent for the Purchaser is as follows:

1. Purchaser to obtain necessary Board approvals and Shareholders' approval as required under Applicable Laws.
2. Any other approvals as required under Applicable Laws.

RESOLVED FURTHER THAT Mr. K Rahul Raju, Managing Director, be and is hereby authorized to do all such acts, deeds, matters and things, including but not limited to, execution of agreements, contracts and all other documents, as it may, in its absolute discretion, deem necessary or expedient, to give effect to this resolution.

RESOLVED FURTHER THAT Mr. K Rahul Raju, Managing Director, be and are hereby authorized to delegate/sub-delegate such powers, privileges and authorizations required to be delegated/sub-delegated in connection with consummation of the aforesaid transfer of the Undertaking into M/s. AM Green Ammonia (India) Private Limited, in its full and absolute discretion, as may be deemed appropriate.

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

RESOLUTION NO . 8.

“The next resolution which is proposed as a Special Resolution relates to approval for debt resolution and funding.

RESOLVED THAT the Members took note of the ongoing disputes with erstwhile lenders and have noted without prejudice that the company received communication from Asset Care and Reconstruction Enterprise Limited (ACRE) an Asset Reconstruction Company that it acquired debt from the Secured Lenders viz. IDBI Bank, SBI, ICICI Bank, PNB, UCO Bank, BoI, IOB effective from 28th March, 2023.

RESOLVED THAT pursuant to Section 179 and other applicable provisions, if any, of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable provisions and subject to the approval of slump sale of Urea and MI businesses of the Company to AM Green Ammonia (India) Private Limited (purchaser) by the members of the company, lenders and such other approvals / permissions required in this regard under the laws applicable to the Company, the firm Slump sale agreement of Urea and MI business agreement the members be and is hereby accord its consent *(without any prejudice to the ongoing disputes with lender/s) for the proposal of One Time Settlement (OTS) as Debt Resolution with ACRE for an amount not exceeding Rs. 1500 crores as full and final settlement towards of their total debt in Nagarjuna Fertilizers and Chemicals Limited (NFCL).

RESOLVED FURTHER THAT the Members took note that NFCL shall

1. Utilize the energy reimbursements amount from DoF to settle the operating creditors and statutory dues.
2. That the funding for the proposed OTS* of Rs 1500 Crs would be made from the following proceeds:

- From cash consideration of Rs 1365 Crs: Rs. 1200 crores will be paid out of slump sale proceeds received in cash before March 2024.
 - Balance of Rs. 300 crores shall be paid from the proceeds of sale of non-core assets to the extent required and approved by lenders and/or or from receipts in case of exercise of call option for 19.7 % equity owned by NFCL in AM Green Ammonia (India) Private Limited from the Slump sale transaction.
3. Utilize the balance cash/non-core assets towards running the company, settlement of remaining creditors, tax liabilities, future business plan etc.
 4. Future business plan: Post OTS the company will have 19.7 % equity in AM Green Ammonia (India) Private Limited (subject to purchaser not exercising the call option in one Year), distribute urea and invest in and building its new businesses of company.

RESOLVED FURTHER THAT pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable provisions and subject to the approval of the Members of the Company, lenders, and such other approvals / permissions required in this regard under the laws applicable to the Company, the Members be and is hereby accords its consent to sell, transfer, lease and/or otherwise dispose Non Core Assets to the extant required by the Company to fund OTS.

RESOLVED FURTHER THAT Mr. K Rahul Raju, Managing Director, be and is hereby authorized to do all such acts, deeds, matters and things, including but not limited to, execution of agreements, contracts and all other documents, as it may, in its absolute discretion, deem necessary or expedient, to give effect to this resolution.

RESOLVED FURTHER THAT Mr. K Rahul Raju, Managing Director, be and are hereby authorized to delegate/sub-delegate such powers, privileges and authorizations required to be delegated/sub-delegated in connection with consummation of the aforesaid OTS with ACRE.

Uday Shankar Jha, Chairman: The results of this item will be announced within 2 working days.

Vijaya Bhasker M, Company Secretary: Thank you sir.

Uday Shankar Jha, Chairman: Rightly with that we come to the end of resolutions. That there being no other item on the agenda the meeting concludes with thanks to esteemed shareholders, the esteemed Directors, the special invitees, the Company Secretary and all of you for very smoothly conducting the meeting without any technical glitch by at large today.

So, thank you all

Vijaya Bhasker M, Company Secretary: Thank you Sir.

The voting is enabled for the next fifteen minutes after the conclusion of the meeting.

Thank you.

Shiva Prasad: Mr. Vijay Bhasker can we stop the recording as e-voting is in a different platform. Arjun Kindly stop the meeting.