

Nagarjuna Fertilizers and Chemicals Limited

Nagarjuna Hills, Hyderabad - 500 082.

Website: www.nfcl.in

CIN: L24129TG2006PLC076238

Standalone Unaudited Financial Results for the Quarter / Nine Months Ended December 31, 2023

Rs. In Lakhs

SI No	PARTICULARS	Standalone					
		Quarter ended		Nine months ended		Year ended	
		31-12-2023 (Unaudited)	30-09-2023 (Unaudited)	31-12-2022 (Unaudited)	31-12-2023 (Unaudited)	31-12-2022 (Unaudited)	31-03-2023 (Audited)
I	Revenue from Operations	1,20,790.17	1,32,379.61	1,24,501.01	3,60,532.47	4,80,784.29	5,64,220.16
II	Other Income	124.00	987.07	185.82	1,234.72	1,963.79	6,344.12
III	Total income (I+II)	1,20,914.17	1,33,366.68	1,24,686.83	3,61,767.19	4,82,748.08	5,70,564.28
IV	Expenses						
	a) Cost of materials consumed	63,208.50	61,856.29	50,874.11	1,84,554.49	2,45,244.57	2,84,873.12
	b) Purchase of Stock-in-Trade	55.78	41.02	82.35	114.35	407.38	478.23
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	(2,824.69)	9,451.13	4,808.13	(1,404.78)	(4,765.58)	(2,468.42)
	d) Power and Fuel	54,864.63	52,833.99	45,314.77	1,59,717.12	2,03,716.93	2,40,368.77
	e) Employee Benefits Expense	2,423.53	2,513.90	2,286.46	7,307.51	7,087.92	9,892.69
	f) Finance cost	10,995.59	12,018.90	15,171.61	34,503.51	40,868.65	52,594.29
	g) Depreciation and Amortization Expense	1,246.47	1,248.53	1,939.60	3,742.72	6,036.28	7,926.99
	h) Impairment losses				63,407.20		67,519.40
	i) Other Expenses	6,368.01	6,704.05	5,040.21	19,506.59	18,787.69	23,093.28
	Total expenses	1,36,337.82	1,46,667.81	1,25,517.24	4,71,448.71	5,17,383.84	6,84,278.35
V	Profit / (Loss) before exceptional items and tax (III-IV)	(15,423.65)	(13,301.13)	(830.41)	(1,09,681.52)	(34,635.76)	(1,13,714.07)
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit / (Loss) before Tax (V-VI)	(15,423.65)	(13,301.13)	(830.41)	(1,09,681.52)	(34,635.76)	(1,13,714.07)
VIII	Tax Expense:						
	(a) Current Tax	-	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-	-
	(c) Deferred Tax	(412.11)	(410.87)	(628.07)	(1,234.73)	(1,932.96)	(23,705.03)
		(412.11)	(410.87)	(628.07)	(1,234.73)	(1,932.96)	(23,705.03)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(15,011.54)	(12,890.26)	(202.33)	(1,08,446.79)	(32,702.80)	(90,009.04)

X	Other Comprehensive Income (net of tax)						
	A Items that will not be reclassified to profit or loss						
	(i) Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	-	408.87
	(ii) Income tax relating to these items	-	-	-	-	-	(127.57)
	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	-	-	-	-	-	281.30
XI	Total Comprehensive Income (IX+X)	(15,011.54)	(12,890.26)	(202.33)	(1,08,446.79)	(32,702.80)	(89,727.74)
XII	Paid-up Equity Share Capital (Face Value of Rs. 1/- per share)	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
XIII	Other Equity						(2,12,834.89)
XIV	Earning Per Share (of Rs.1/- each)						
	- Basic and Diluted	(2.51)	(2.16)	(0.03)	(18.13)	(5.47)	(15.05)
		(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	

Notes:

- 1) The above statement of Unaudited Standalone Financial Results for the Quarter/ 9 months ended 31st December 2023 was reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meeting held on 7th February 2024.
- 2) The Statutory Auditors have carried out Limited Review of the same and issued Limited Review Report.
- 3) The financial results comprise the combined operations of the company of its Fertilizer, Micro Irrigation businesses. For the purposes of disclosures under Ind AS 108, Operating Segments, as the financial results of Micro Irrigation is below the reportable segment threshold limit, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, the same is neither disclosed as separate segments nor are combined as "all other segments".
- 4) The Company is operating in a regulated environment under the Essential Commodities Act, 1955, supported by Government Subsidy. On account of an accident in the GAIL Pipeline which supplies Gas to the company during 2014, the production of the company was disrupted for long time and as a result the company suffered losses. To overcome the financial stress caused due to disruption of production and losses, the company approached its lenders for a Corrective Action Plan (CAP) and the lenders formed Joint Lenders Forum (JLF) in 2015 and assessed Rs. 3050 Crs (Rs.850 Cr under Fund Based + Rs.2200 Cr. Under Non-Fund Based) and Rs.800 Cr. Working Capital Term Loan under CAP to shore up the working capital and to enable the company to run. This funding for rectification of account is called Corrective Action Plan 2015 (CAP). Due to lack of assessed funds from lenders (non-implementation of CAP) the company's account after the GAIL Pipeline accident could not be rectified in 2015-16 and went into severe financial stress increasing indebtedness and losses resulting in defaults in 2018. Upgrading of account without releasing of the assessed funds for rectification of account (CAP), is in violation of RBI CAP regulations of 2014 and 2015, resulting in the account becoming NPA in 2015 itself as per RBI regulations instead of 2018 after CAP implementation as being claimed by Banks. The company has been reporting the disputes on CAP debt (working capital term loans and working capital loans in the books of the company) to the lenders and in the annual reports. The debt in the books (CAP loans) are disputed and are sub-judice.

The lenders approved 'Holding on Operations' (HOO) from December 2018 to amicably resolve the debt issues with the company in the interests of all stakeholders (valid till June 30, 2023). Due to inadequate working capital, financial stress and continued losses on account of stoppage of production of the plants during 2018, without prejudice to the interest that the company had taken up long-term financial Resolution Plan (RP) with its Lenders. The lenders held series of Joint Lenders Meetings (JLM) for consideration and suggestions on the RP. Consequent to the lenders meetings, a resolution plan was unanimously approved by the lenders in March 2020, which amongst other things, include segregation of debt into sustainable and unsustainable, reduction in the rate of interest, infusion of fresh equity and sanction of additional debt etc. However, post conclusion of the Resolution Plan, the lenders made arbitrary changes in the said RP on 4th June 2020. The company has filed a Writ Petition in the Hon'ble High court of Telangana, on the arbitrary actions of the lenders against the RBI Regulations. Further, the company has filed contempt cases against lenders who have filed petitions under IBC in violation of the above stay orders of High Court and the matter is pending for hearing.

Notwithstanding the legal proceedings, the Company actively worked amicably to resolve the disputes with lenders and for completion of resolution plan. The company is operating both urea plants from April 2023 and continued operating both the plants during the Quarter/ 9 months. Due to lack of working capital, the losses continued resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ 9 months ended 31st Dec 2023, the Company's current liabilities exceeded current assets by Rs. 3,75,525.11 lakhs (net current liabilities excluding contingent liabilities).

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. Though the company represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, the company filed cases against the lenders in Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/ confirmation of balances to the company in the last 5 years. The company has also been disclosing CAP debt disputes since 2018. In this background, the company has been accounting the interest on the loans as per the terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the financial statements. This is not confirmation of dues.

- 5) The Company received on 3rd April 2023 a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating that the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE-112-TRUST) under section 5 of the SARFAESI Act,

There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Consequently, the company has not yet changed from Lenders to ACRE-112-TRUST.

- 6) The Company has received a demand notice dated 20th May 2023 U/s 13(2) of the SARFAESI Act from Lenders to repay total outstanding dues of Rs 3,344.37 Crs, failing which Lenders will take appropriate action in accordance with the Law. The Company has replied to the said notice on 17th July 2023 explaining the disputes with the lenders and matter is being sub-judice and sought time for submission of Debt Resolution plan/ OTS. In response to the company reply, the Lenders reverted back on 25th July 2023 disputing objections raised by the company and advised the company to expedite submission of Debt Resolution Plan/ OTS.

Accordingly, the Board of Directors at their meeting held 14th August 2023 and members in AGM held on 15th September 2023 approved the proposal of slump sale transaction of Ammonia / Urea and MI businesses along with related assets and liabilities, subject to fulfilment of Conditions Precedents (CP's), Sale of non-core assets of the company and Debt Resolution / OTS along with funding.

Subsequently, the Board of Directors at their Meeting held on October 09, 2023, have noted 1) order of the Hon'ble NCLAT, Chennai, dated October 05, 2023, setting aside the order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench, 2) the CP's needed for Slump Sale transaction, 3) Sale of non-core assets of the company and 4) Debt Resolution / OTS. Further, the Company is working towards fulfilment of CPs.

Without prejudice to the ongoing disputes with lenders, ACRE, while engaging with the company for OTS, is continuing to pursue the SARFAESI process consequent to serving notice under SARFAESI Act, on May 20, 2023., has subsequently taken symbolic possession of the scheduled assets of the Company in its favour on October 12, 2023

The Board of Directors on December 24, 2023, while asking the company to continue and speed up closure of CPs for the approved Slump Sale transaction, without prejudice, considered and approved the company to engage and work with ACRE on a One Time Settlement (OTS) under SARFAESI/directly (or a combination of both) if any in parallel to the current efforts on the Slump Sale transaction to amicably settle debt.

The OTS amount as benchmark approved by the board for negotiations/debt settlement with ACRE on December 24, 2023, is the amount equal to or lower than the amount realised from sale of core and non-core assets and lower than the amounts due to ACRE. In terms of the mandate of the Board of Directors the company is engaged with and vide letter committed to cooperate with ACRE, without prejudice to the rights of the company and guarantors for a One Time Settlement (OTS) under SARFAESI/directly. The final OTS amount is yet to be determined and will be communicated by ACRE to the company.

Given the uncertainties and to ensure an amicable debt resolution the company in parallel as planned earlier is also continuing with its efforts on fulfilling agreed CPs for the Slump Sale transaction approved by the board and members.

The Board of Directors on January 26, 2024, took note of the updates on slump sale process, SARFAESI Process by Assets Care and Reconstruction Enterprise Limited* (ACRE) and the OTS. * ACRE, as part of the SARFAESI process after taking symbolic possession of assets, has issued a Public Notice for physical auction for sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, vide communication to the company dated January 17, 2024.

The company, given the above background on its efforts for OTS as Debt Resolution for continuing as a Going Concern, it concluded that use of the Going Concern basis of accounting is appropriate. Accordingly, the financial results for the Quarter/ 9 months ended December 2023, are drawn on Going Concern basis.

- 7) The following international Arbitration Awards have been passed against the Company. Amounts awarded USD 1,52,75,688 (Rs.12,696.6 lakhs), GBP 7,42,944 (Rs. 788.30 lakhs), EUR 4,55,000 (Rs. 418.62 lakhs) and INR 221.39 lakhs and interest as applicable apart from costs based on claims filed. The company is disputing the claims and the awards. The matter is sub-judice pending for hearing before the courts of Hyderabad, Telangana, India.

The contingent liabilities/claims stated above are not confirmation of dues, but record of disputes.

- 8) Amlika Mercantile Private Limited (AMPL), Core Promoter of the Company had preferred an appeal before Hon'ble National Company Law Appellate Tribunal (NCLAT), Chennai, against the Order' dated 27.08.2021, passed by the 'National Company Law Tribunal', Hyderabad Bench, admitting the Nagarjuna Fertilizers and Chemicals Limited (NFCL) into Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016.

Basis the appeal of AMPL, Hon'ble NCLAT, Chennai, vide order dated October 05, 2023, has allowed the appeal by setting aside "the impugned order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench. Thereby, the Company exited CIRP under IBC, 2016 effective October 05, 2023.

AMPL has claimed the legal expenses for the NCLAT appeal filed on behalf of the Company and the company is liable to reimburse the legal expenses to AMPL.

- 9) Government of India announced New Urea Policy (NUP)-2015 which is 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 recognised in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been recognised during the quarter/ period in terms of the said policies. Adjustments required, if any, will be considered on notification of final prices.

The Government on 18th November 2022 extended the energy norms which were valid till 31st March 2023. Accordingly, Subsidy income is recognised based on Target Energy Norms as per NUP-2015 policy for the Quarter / 9 months ended December 2023.

- 10) The Company has been using the "Nagarjuna Brand / Trademarks" for its urea and other products under a license agreement Dt 29/01/1998 with the grantor, a related party. The company, during the period ended on 31.12.2021, received a claim from the grantor asserting its right to royalty for the period from 29/01/1998. The said claim is under review by the Company for appropriate action.
- 11) The Company is pursuing various claims with the Government including reimbursement of Energy consumed, State Electricity Duty paid, Reliance Marketing Margin and IGST.
- 12) Pursuant to the fire accident on 27th June 2014 to the gas pipeline at Tatipaka and shutting down of supply of Natural Gas to NFCL, a dispute arose between GAIL and NFCL wherein a Sole Arbitrator has been appointed by Hon'ble Delhi High Court for adjudicating a claim raised by NFCL against GAIL. After hearing matter, the Hon'ble Sole Arbitrator passed an Award upholding GAIL's claim of Force Majeure on 13.03.2023. The Company filed Section 34 application challenging the award before the Hon'ble Delhi High Court. The matter has been listed for hearing on 07.05.2024 before the Hon'ble Delhi High Court.
- 13) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable with those of the current periods.

HYDERABAD
7th February 2024


K. RAHUL RAJU
MANAGING DIRECTOR



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Independent Auditor's Review Report on the Quarterly and Year to date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors,
Nagarjuna Fertilizers and Chemicals Limited,
Nagarjuna Hills,
Hyderabad- 500082.

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Nagarjuna Fertilizers and Chemicals Limited** ("the Company") for the quarter and nine months ended 31st December, 2023 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. "The Statement", which is the responsibility of "the Company's" Management and approved by "the Company's" Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting, ('Ind AS 34,') prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on "the Statement" based on our review.
3. We conducted our review of "the Statement" 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 Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





4. Qualified Conclusion:

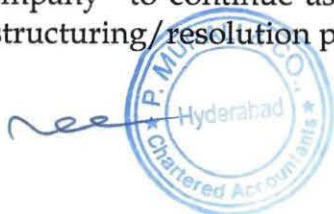
Based on our review conducted as above, except for the matters stated in para 5 & 6 below, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (as amended) including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Basis for Qualified Conclusion:

We refer to Note No.4 to "the Statement"- "the Company" has been incurring losses for the past few years and a net loss amounted to Rs.1,09,681.52 Lakhs (before taxes) has been incurred for the nine months ended 31st December, 2023, The Company, during the period under review, continued to default in discharging its obligations for repayment of Loans and settlement of other financial liabilities.

We refer to Note No.6 to "the Statement"- "the Company" has received a demand notice dated 20th May 2023 u/s 13(2) of the SARFAESI Act from Lenders to repay total outstanding dues of Rs 3,344.37 cr, failing which Lenders will take appropriate action in accordance with the Law. And also, Lender has taken symbolic possession of the scheduled assets of the Company in their favour on October 12, 2023. Further to that, the Board of Directors as well at their meeting held on 14th August, 2023 and members in AGM held on 15th September 2023 approved the proposal of slump sale transaction of Ammonia / Urea and MI businesses along with related assets and liabilities, subject to fulfilment of Conditions Precedents (CP's), Sale of non-core assets of the company and Debt Resolution / OTS along with funding resulting in losing of core area of business/inflows. Further to that, ACRE has issued a Public Notice for physical auction for sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, vide communication to the company dated 17th January, 2024.

The above 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 realize its assets and discharge its liabilities including potential liabilities in the normal course of its business. The ability of "the Company" to continue as going concern is solely dependent on the successful restructuring/ resolution plans and raising of the required additional funds.





However, in view of "the Company" actively working to resolve the disputes amicably with the lenders and hopeful of a positive outcome and approval of one-time settlement and also the Board of Directors at their Meeting held on October 09, 2023, have noted the fulfilment of the Conditions Precedents (CPs) for Slump Sale transaction, Debt Resolution / OTS with funding, Sale of non-core assets of the company and also order of the Hon'ble NCLAT, Chennai, dated October 05, 2023, setting aside the order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench. Further, "the Company's" management is working towards closure and successful execution of a binding agreement of any one of the OTS initiatives ((1) with ACRE OTS within/outside of SARFAESI or (2) the slump sale transaction with OTS), the OTS will be considered concrete and final, the binding One Time Settlement Agreement shall need to be signed/ executed by the Nagarjuna Fertilizers and Chemicals Limited/the Company (Corporate Debtor), ACRE (the Secured Creditor), the Guarantors (Mr. K S Raju and Mr. K Rahul Raju) and Amlika Mercantile Private Limited (by virtue of shares pledged with lenders as collateral for the sanctioned limits of the company), for full and final settlement of the debts of the company.

And also "the Company's" management assessed various events/conditions which have an impact on "the Company's" ability to continue as a going concern.

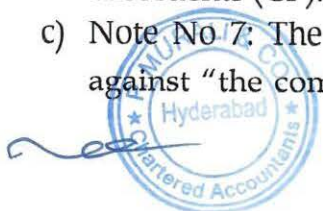
Given the above background, the management believes that the assumption on the preparation of the financial statements of "the Company" is still appropriate.

Our conclusion is not modified in respect of this matter

6. Emphasis of matter

We refer to the following notes to "the Statement":

- a) Note No 4: "the Company" has been accounting interest on the loans as per the terms of Corrective Action Plan (CAP) funding sanction letters, in the absence of interest demands and the Loan statements/confirmation of balances from the Lenders.
- b) Note No 6: The Board of Directors in their meeting held on 14th August 2023 and members in AGM held on 15th September 2023 approved the proposal with regard to slump sale transaction, Debt Resolution / OTS, Sale of non-core assets for funding of OTS subject to fulfilment of certain Conditions Precedents (CP).
- c) Note No 7: The claims as per the International Arbitration Awards passed against "the company" in September 2016 and October 2017, aggregating to





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USD 15,275,688, GBP 742,944 and EUR 455,000 and INR 221.39 Lakhs (equivalent Aggregate amount of Rs. 14,124.92 Lakhs) and interest thereon as applicable apart from costs, are continued to be shown as a contingent liability since the matter being sub-judice.

- d) Note No 8: Hon'ble NCLT admitted a petition filed by an operational creditor to initiate the CIRP against "the Company" under the provisions of the IBC 2016, Amlika Mercantile Private Ltd (One the of Promoter of "the Company") appealed against the order of Hon'ble NCLT. The NCLAT has set aside the this CIRP proceedings under IBC and currently "the Company" is out of CIRP. AMPL has claimed the legal expenses for the NCLAT appeal filed on behalf of "the Company" and "the Company" is liable to reimburse the legal expenses to AMPL.
- e) Note No 9: "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. Adjustments, if any, required will be considered on notification of final prices.
- f) Note No 10: Claim from a related party asserting its right for Royalty for the period from 29.01.1998 to 31.12.2021, is under review by "the Company", possible liability might arise against the company and pending for appropriate action and consequent recognition in the Books.

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

For P. Murali & Co
Chartered Accountants
FRN: 007257S



A. Krishna Rao
Partner

M No. 020085

UDIN: 24020085BKAUBQ2437



Place: Hyderabad

Date: 07-02-2024

Nagarjuna Fertilizers and Chemicals Limited
Nagarjuna Hills, Hyderabad - 500 082.
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Consolidated Unaudited Financial Results for the Quarter / Nine Months Ended December 31, 2023

Rs. In Lakhs

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	g) Depreciation and Amortization Expense	1,246.47	1,248.53	1,939.60	3,742.72	6,036.28	7,926.99
	h) Impairment losses				63,407.20		67,519.40
	i) Other Expenses	6,368.01	6,714.28	5,041.10	19,517.02	18,790.83	23,097.60
	Total expenses	1,36,337.82	1,46,678.04	1,25,518.12	4,71,459.14	5,17,386.98	6,84,282.67
V	Profit / (Loss) before exceptional items and tax (III-IV)	(15,423.65)	(13,311.36)	(831.29)	(1,09,691.95)	(34,638.73)	(1,13,718.22)
VI	Exceptional Items		-	-			
VII	Profit / (Loss) before Tax (V-VI)	(15,423.65)	(13,311.36)	(831.29)	(1,09,691.95)	(34,638.73)	(1,13,718.22)
VIII	Tax Expense:						
	(a) Current Tax	-	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-	-
	(c) Deferred Tax	(412.11)	(410.87)	(628.07)	(1,234.73)	(1,932.96)	(23,705.03)
		(412.11)	(410.87)	(628.07)	(1,234.73)	(1,932.96)	(23,705.03)
IX	Profit / (Loss) from continuing operations (VII-VIII)	(15,011.54)	(12,900.49)	(203.22)	(1,08,457.22)	(32,705.77)	(90,013.19)

X	Other Comprehensive Income (net of tax)						
	A Items that will not be reclassified to profit or loss						
	(i) Re-measurement gains / (losses) on defined benefit plans	-	-	-	-	-	408.87
	(ii) Income tax relating to these items	-	-	-	-	-	(127.57)
	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	-	-	-	-	-	281.30
XI	Total Comprehensive Income (IX+X)	(15,011.54)	(12,900.49)	(203.22)	(1,08,457.22)	(32,705.77)	(89,731.89)
XII	Paid-up Equity Share Capital (Face Value of Rs. 1/- per share)	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
XIII	Other Equity	-	-	-	-	-	(2,12,957.92)
XIV	Earning Per Share (of Rs.1/- each) - Basic and Diluted	(2.51)	(2.16)	(0.03)	(18.13)	(5.47)	(15.05)
		(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	

Notes:

- 1) The above statement of Unaudited Consolidated Financial Results for the Quarter/ 9 months ended 31st December 2023 was reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meeting held on 7th February 2024.
- 2) The Statutory Auditors have carried out Limited Review of the same and issued Limited Review Report.
- 3) The financial results comprise the combined operations of the company of its Fertilizer, Micro Irrigation businesses. For the purposes of disclosures under Ind AS 108, Operating Segments, as the financial results of Micro Irrigation is below the reportable segment threshold limit, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, the same is neither disclosed as separate segments nor are combined as "all other segments".
- 4) The Company is operating in a regulated environment under the Essential Commodities Act, 1955, supported by Government Subsidy. On account of an accident in the GAIL Pipeline which supplies Gas to the company during 2014, the production of the company was disrupted for long time and as a result the company suffered losses. To overcome the financial stress caused due to disruption of production and losses, the company approached its lenders for a Corrective Action Plan (CAP) and the lenders formed Joint Lenders Forum (JLF) in 2015 and assessed Rs. 3050 Crs (Rs.850 Cr under Fund Based + Rs.2200 Cr. Under Non-Fund Based) and Rs.800 Cr. Working Capital Term Loan under CAP to shore up the working capital and to enable the company to run. This funding for rectification of account is called Corrective Action Plan 2015 (CAP). Due to lack of assessed funds from lenders (non-implementation of CAP) the company's account after the GAIL Pipeline accident could not be rectified in 2015-16 and went into severe financial stress increasing indebtedness and losses resulting in defaults in 2018. Upgrading of account without releasing of the assessed funds for rectification of account (CAP), is in violation of RBI CAP regulations of 2014 and 2015, resulting in the account becoming NPA in 2015 itself as per RBI regulations instead of 2018 after CAP implementation as being claimed by Banks. The company has been reporting the disputes on CAP debt (working capital term loans and working capital loans in the books of the company) to the lenders and in the annual reports. The debt in the books (CAP loans) are disputed and are sub-judice.

The lenders approved 'Holding on Operations' (HOO) from December 2018 to amicably resolve the debt issues with the company in the interests of all stakeholders (valid till June 30, 2023). Due to inadequate working capital, financial stress and continued losses on account of stoppage of production of the plants during 2018, without prejudice to the interest that the company had taken up long-term financial Resolution Plan (RP) with its Lenders. The lenders held series of Joint Lenders Meetings (JLM) for consideration and suggestions on the RP. Consequent to the lenders meetings, a resolution plan was unanimously approved by the lenders in March 2020, which amongst other things, include segregation of debt into sustainable and unsustainable, reduction in the rate of interest, infusion of fresh equity and sanction of additional debt etc. However, post conclusion of the Resolution Plan, the lenders made arbitrary changes in the said RP on 4th June 2020. The company has filed a Writ Petition in the Hon'ble High court of Telangana, on the arbitrary actions of the lenders against the RBI Regulations. Further, the company has filed contempt cases against lenders who have filed petitions under IBC in violation of the above stay orders of High Court and the matter is pending for hearing.

Notwithstanding the legal proceedings, the Company actively worked amicably to resolve the disputes with lenders and for completion of resolution plan. The company is operating both urea plants from April 2023 and continued operating both the plants during the Quarter/ 9 months. Due to lack of working capital, the losses continued resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ 9 months ended 31st Dec 2023, the Company's current liabilities exceeded current assets by Rs. 3,75,525.11 lakhs (net current liabilities excluding contingent liabilities).

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. Though the company represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, the company filed cases against the lenders in Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. Currently in this regard Writ Appeal 708/2022, is pending before Telangana High Court. Further, there is no clear information on when the loans were declared NPAs by the lenders. Due to these disputes, the lenders have not been sending the interest demands and the loan statements/ confirmation of balances to the company in the last 5 years. The company has also been disclosing CAP debt disputes since 2018. In this background, the company has been accounting the interest on the loans as per the terms of CAP funding sanction letters with a qualification of dispute and furnishing the default details as available with it in the financial statements. This is not confirmation of dues.

- 5) The Company received on 3rd April 2023 a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating that the Assignment of Debt by all Consortium Lenders to ACRE (in its capacity as the trustee of the ACRE-112-TRUST) under section 5 of the SARFAESI Act,

There was no communication to the Company from the Lenders about the assignment of their loans / credit facilities / interest etc., as stated above to the ACRE-112-TRUST by 31.03.2023. Consequently, the company has not yet changed from Lenders to ACRE-112-TRUST.

- 6) The Company has received a demand notice dated 20th May 2023 U/s 13(2) of the SARFAESI Act from Lenders to repay total outstanding dues of Rs 3,344.37 Crs, failing which Lenders will take appropriate action in accordance with the Law. The Company has replied to the said notice on 17th July 2023 explaining the disputes with the lenders and matter is being sub-judice and sought time for submission of Debt Resolution plan/ OTS. In response to the company reply, the Lenders reverted back on 25th July 2023 disputing objections raised by the company and advised the company to expedite submission of Debt Resolution Plan/ OTS.

Accordingly, the Board of Directors at their meeting held 14th August 2023 and members in AGM held on 15th September 2023 approved the proposal of slump sale transaction of Ammonia / Urea and MI businesses along with related assets and liabilities, subject to fulfilment of Conditions Precedents (CP's), Sale of non-core assets of the company and Debt Resolution / OTS along with funding.

Subsequently, the Board of Directors at their Meeting held on October 09, 2023, have noted 1) order of the Hon'ble NCLAT, Chennai, dated October 05, 2023, setting aside the order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench, 2) the CP's needed for Slump Sale transaction, 3) Sale of non-core assets of the company and 4) Debt Resolution / OTS. Further, the Company is working towards fulfilment of CPs.

Without prejudice to the ongoing disputes with lenders, ACRE, while engaging with the company for OTS, is continuing to pursue the SARFAESI process consequent to serving notice under SARFAESI Act, on May 20, 2023., has subsequently taken symbolic possession of the scheduled assets of the Company in its favour on October 12, 2023

The Board of Directors on December 24, 2023, while asking the company to continue and speed up closure of CPs for the approved Slump Sale transaction, without prejudice, considered and approved the company to engage and work with ACRE on a One Time Settlement (OTS) under SARFAESI/directly (or a combination of both) if any in parallel to the current efforts on the Slump Sale transaction to amicably settle debt.

The OTS amount as benchmark approved by the board for negotiations/debt settlement with ACRE on December 24, 2023, is the amount equal to or lower than the amount realised from sale of core and non-core assets and lower than the amounts due to ACRE. In terms of the mandate of the Board of Directors the company is engaged with and vide letter committed to cooperate with ACRE, without prejudice to the rights of the company and guarantors for a One Time Settlement (OTS) under SARFAESI/directly. The final OTS amount is yet to be determined and will be communicated by ACRE to the company.

Given the uncertainties and to ensure an amicable debt resolution the company in parallel as planned earlier is also continuing with its efforts on fulfilling agreed CPs for the Slump Sale transaction approved by the board and members.

The Board of Directors on January 26, 2024, took note of the updates on slump sale process, SARFAESI Process by Assets Care and Reconstruction Enterprise Limited* (ACRE) and the OTS. * ACRE, as part of the SARFAESI process after taking symbolic possession of assets, has issued a Public Notice for physical auction for sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, vide communication to the company dated January 17, 2024.

Efforts to regularise agricultural lands which are part of non-core assets are continuing but as on date the company is unsure that the title rectification will be completed and if so to what extent within the agreed timeframe for debt settlement. The company in the meantime has complied with the arbitral award regards Wargal agricultural lands.

If and when upon the closure and successful execution of a binding agreement of any one of the OTS initiatives ((1) with ACRE OTS within/outside of SARFAESI or (2) the slump sale transaction with OTS), the OTS will be considered concrete and final, the binding One Time Settlement Agreement shall need to be signed/ executed by the Nagarjuna Fertilizers and Chemicals Limited/the Company (Corporate Debtor), ACRE (the Secured Creditor), the Guarantors (Mr. K S Raju and Mr. K Rahul Raju) and Amlika Mercantile Private Limited (by virtue of shares pledged with lenders as collateral for the sanctioned limits of the company), for full and final settlement of the debts of the company.

Without prejudice to the ongoing disputes, it is reiterated that the company will continue to be liable to repay all the loans including interest availed by the company, if OTS (SARFAESI process of ACRE /slump sale proposal of the company) falls through.

The company, given the above background on its efforts for OTS as Debt Resolution for continuing as a Going Concern, it concluded that use of the Going Concern basis of accounting is appropriate. Accordingly, the financial results for the Quarter/ 9 months ended December 2023, are drawn on Going Concern basis.

- 7) The following international Arbitration Awards have been passed against the Company. Amounts awarded USD 1,52,75,688 (Rs.12,696.6 lakhs), GBP 7,42,944 (Rs. 788.30 lakhs), EUR 4,55,000 (Rs. 418.62 lakhs) and INR 221.39 lakhs and interest as applicable apart from costs based on claims filed. The company is disputing the claims and the awards. The matter is sub-judice pending for hearing before the courts of Hyderabad, Telangana, India.

The contingent liabilities/claims stated above are not confirmation of dues, but record of disputes.

- 8) Amlika Mercantile Private Limited (AMPL), Core Promoter of the Company had preferred an appeal before Hon'ble National Company Law Appellate Tribunal (NCLAT), Chennai, against the Order dated 27.08.2021, passed by the 'National Company Law Tribunal', Hyderabad Bench, admitting the Nagarjuna Fertilizers and Chemicals Limited (NFCL) into Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016.

Basis the appeal of AMPL, Hon'ble NCLAT, Chennai, vide order dated October 05, 2023, has allowed the appeal by setting aside "the impugned order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench. Thereby, the Company exited CIRP under IBC, 2016 effective October 05, 2023.

AMPL has claimed the legal expenses for the NCLAT appeal filed on behalf of the Company and the company is liable to reimburse the legal expenses to AMPL.

- 9) Government of India announced New Urea Policy (NUP)-2015 which is 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 recognised in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been recognised during the quarter/ period in terms of the said policies. Adjustments required, if any, will be considered on notification of final prices.

The Government on 18th November 2022 extended the energy norms which were valid till 31st March 2023. Accordingly, Subsidy income is recognised based on Target Energy Norms as per NUP-2015 policy for the Quarter / 9 months ended December 2023.

- 10) The Company has been using the "Nagarjuna Brand / Trademarks" for its urea and other products under a license agreement Dt 29/01/1998 with the grantor, a related party. The company, during the period ended on 31.12.2021, received a claim from the grantor asserting its right to royalty for the period from 29/01/1998. The said claim is under review by the Company for appropriate action.
- 11) The Company is pursuing various claims with the Government including reimbursement of Energy consumed, State Electricity Duty paid, Reliance Marketing Margin and IGST.
- 12) Pursuant to the fire accident on 27th June 2014 to the gas pipeline at Tatipaka and shutting down of supply of Natural Gas to NFCL, a dispute arose between GAIL and NFCL wherein a Sole Arbitrator has been appointed by Hon'ble Delhi High Court for adjudicating a claim raised by NFCL against GAIL. After hearing matter, the Hon'ble Sole Arbitrator passed an Award upholding GAIL's claim of Force Majeure on 13.03.2023. The Company filed Section 34 application challenging the award before the Hon'ble Delhi High Court. The matter has been listed for hearing on 07.05.2024 before the Hon'ble Delhi High Court.

- 13) The wholly owned subsidiary, JESCO, went into Voluntary Liquidation under IBC with effect from April 25, 2022. The Liquidator's final report is submitted to NCLT on 25th September 2023, for further completion of dissolution proceedings. The financials of the subsidiary for the Quarter / Half year ended 30th Sept 2023, received from the liquidator have been consolidated.
- 14) The consolidated results include results of associate company KVK Raju International Leadership Ltd.
- 15) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable with those of the current periods.

HYDERABAD
7th February 2024



K. RAHUL RAJU
MANAGING DIRECTOR



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Independent Auditor's Review Report on the Quarterly and Year to date Unaudited Consolidated Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors,
Nagarjuna Fertilizers and Chemicals Limited,
Nagarjuna Hills,
Hyderabad- 500082.

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **Nagarjuna Fertilizers and Chemicals Limited** ("the Holding Company") for the quarter and nine months ended 31st December, 2023 and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), for the period from 01 April 2023 to 30th September 2023 ("the Statement") attached herewith, being submitted by "the Holding Company" pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. "The Statement", which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting, ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued 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 of the Statement 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 Standards on Auditing and consequently does not enable us to obtain assurance





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that we would become 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 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 entity:

1.M/s JAIPRAKASH ENGINEERING AND STEEL COMPANY LIMITED
(Subsidiary) which is under Liquidation.

5. **Qualified Conclusion:**

Based on our review conducted as above, except for the matters stated in para 6 & 7 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 Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (as amended) including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. **Basis for Qualified Conclusion:**

We refer to Note No.4 to "the Statement"- "the Holding Company" has been incurring losses for the past few years and a net loss amounted to Rs.1,09,691.95 Lakhs (before taxes) has been incurred for the nine months ended 31st December, 2023.The Holding Company, during the period under review, continued to default in discharging its obligations for repayment of Loans and settlement of liabilities.

We refer to Note No.6 to "the Statement"- "the Company" has received a demand notice dated 20th May 2023 u/s 13(2) of the SARFAESI Act from Lenders to repay total outstanding dues of Rs 3,344.37 cr, failing which Lenders will take appropriate action in accordance with the Law. And also, Lender has taken symbolic possession of the scheduled assets of the Company in their favour on October 12, 2023. Further to that, the Board of Directors as well at their meeting held on 14th August, 2023 and members in AGM held on 15th September 2023 approved the proposal of slump sale transaction of Ammonia / Urea and MI businesses along with related assets and liabilities, subject to fulfilment of Conditions Precedents (CP's), Sale of non-core assets of the





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company and Debt Resolution / OTS along with funding resulting in losing of core area of business/inflows. Further to that, ACRE has issued a Public Notice for physical auction for sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, vide communication to the company dated 17th January, 2024.

The above 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 realize its assets and discharge its liabilities including potential liabilities in the normal course of its business. The ability of "the Company" to continue as going concern is solely dependent on the successful restructuring/resolution plans and raising of the required additional funds.

However, in view of "the Company" actively working to resolve the disputes amicably with the lenders and hopeful of a positive outcome and approval of one-time settlement and also the Board of Directors at their Meeting held on October 09, 2023, have noted the fulfilment of the Conditions Precedents (CPs) for Slump Sale transaction, Debt Resolution / OTS with funding, Sale of non-core assets of the company and also order of the Hon'ble NCLAT, Chennai, dated October 05, 2023, setting aside the order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench. Further, "the Company's" management is working towards closure and successful execution of a binding agreement of any one of the OTS initiatives ((1) with ACRE OTS within/outside of SARFAESI or (2) the slump sale transaction with OTS), the OTS will be considered concrete and final, the binding One Time Settlement Agreement shall need to be signed/executed by the Nagarjuna Fertilizers and Chemicals Limited/the Company (Corporate Debtor), ACRE (the Secured Creditor), the Guarantors (Mr. K S Raju and Mr. K Rahul Raju) and Amlika Mercantile Private Limited (by virtue of shares pledged with lenders as collateral for the sanctioned limits of the company), for full and final settlement of the debts of the company.

And also "the Company's" management assessed various events/conditions which have an impact on "the Company's" ability to continue as a going concern.

Given the above background, the management believes that the assumption on the preparation of the financial statements of "the Company" is still appropriate.

Our Conclusion is not modified in respect of this matter.





7. Emphasis of matter

We refer to the following notes to “the Statement”:

- a) Note No 4: “the Holding company” has been accounting interest on the loans as per the terms of Corrective Action Plan (CAP) funding sanction letters, in the absence of interest demands and the Loan statements/confirmation of balances from the Lenders.
- b) Note No 6: The Board of Directors in their meeting held on 14th August 2023 and members in AGM held on 15th September 2023 approved the proposal with regard to slump sale transaction, Debt Resolution / OTS, Sale of non-core assets for funding of OTS subject to fulfilment of certain Conditions Precedents (CP).
- c) Note No 7: The claims as per the International Arbitration Awards passed against “the Holding 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. 14,124.92Lakhs) and interest thereon as applicable apart from costs, are continued to be shown as a contingent liability since the matter being sub-judice.
- d) Note No 8: Hon’ble NCLT admitted a petition filed by an operational creditor to initiate the CIRP against "the Holding Company" under the provisions of the IBC 2016, Amlika Mercantile Private Ltd (One the of Promoter of “the Holding company”) appealed against the order of Hon’ble NCLT. The NCLAT has set aside the this CIRP proceedings under IBC and currently “the Holding Company” is out of CIRP. AMPL has claimed the legal expenses for the NCLAT appeal filed on behalf of "the Holding Company" and "the Holding Company" is liable to reimburse the legal expenses to AMPL.
- e) Note No 9: “the Holding 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. Adjustments, if any, required will be considered on notification of final prices.
- f) Note No 10: In case of “the Holding company” Claim from a related party asserting its right for Royalty for the period from 29.01.1998 to 31.12.2021, possible liability might arise against “the Holding company” and for appropriate action and consequent recognition in the Books.





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- g) Note No 13: The wholly owned subsidiary, JAIPRAKASH ENGINEERING AND STEEL COMPANY LIMITED (JESCO), went into Voluntary Liquidation under IBC with effect from April 25,2022 and, the financials of the subsidiary for Q3 2023-24 as received from the management have been consolidated.

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

8. Other Matter Paragraph:

The consolidated unaudited financial results include the interim financial results of subsidiary JESCO, which went into voluntary liquidation, has not been reviewed, whose interim financial results reflect total assets of Rs. Nil as at 31th December, 2023 and total Revenues of Rs. Nil and Rs. Nil and total comprehensive Income/ (loss) of Rs. Nil Lakhs and (10.42) Lakhs for the Quarter and nine months ended 31th December, 2023, respectively and Cash and Cash Equivalents of Rs. Nil as at 31th December, 2023, as considered in the consolidated unaudited financial results, have not been reviewed by their auditors. These Financial results have been reviewed by the management and furnished to us. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

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

For P. Murali & Co
Chartered Accountants
FRN: 007257S



A. Krishna Rao

Partner

M No. 020085

UDIN: 24020085BKAUBR4676



Place: Hyderabad

Date: 07-02-2024