

Registered Office :
D.No 8-2-248, Nagarjuna Hills
Punjagutta, Hyderabad - 500082. INDIA
Phone : 040 23357200, 66544500
Fax : (91-40) 23354788
Website : www.nfcl.in
CIN : L24129TG2006PLC076238



September 16, 2024

To
BSE Limited
P J Towers, Dalal Street, Fort
Mumbai 400001

To
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Scrip Code: **539917**

Symbol: **NAGAFERT**

Dear Sir / Madam,

Sub: Outcome of Board Meeting

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We wish to inform that the Board of Directors of the Company at their Meeting held on September 16, 2024, had, inter alia, approved the Un-audited Standalone and Consolidated Financial Results for the quarter ended June 30, 2024, in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A copy of the approved Un-audited Standalone and Consolidated Financial Results along with the Limited Review Report of the Statutory Auditor's for the quarter ended June 30, 2024, is enclosed.

The Meeting of the Board of Directors commenced at 12.00 Noon and concluded at 01.45 P.M.

Request you to take the same on record and oblige.

Thanking you,

Yours Truly,
For Nagarjuna Fertilizers and Chemicals Limited

Vijaya Bhasker M
Company Secretary

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

Standalone and Consolidated Unaudited Financial Results for the Quarter Ended June 30, 2024
Discontinued Operation

Rs. in Lakhs

SI No	PARTICULARS	Standalone				Consolidated			
		Quarter ended		Year ended		Quarter ended		Year ended	
		30-06-2024 (Unaudited)	31-03-2024 (Audited)	30-06-2023 (Unaudited)	31-03-2024 (Audited)	30-06-2024 (Unaudited)	31-03-2024 (Audited)	30-06-2023 (Unaudited)	31-03-2024 (Audited)
I	Revenue from Operations	87,108.01	1,16,006.13	1,07,362.69	4,76,538.60	87,108.01	1,16,006.13	1,07,362.69	4,76,538.60
II	Other Income	* 2,60,859.62	958.48	123.65	2,193.20	2,60,859.62	958.48	123.65	2,193.20
III	Total income (I+II)	3,47,967.63	1,16,964.61	1,07,486.34	4,78,731.80	3,47,967.63	1,16,964.61	1,07,486.34	4,78,731.80
IV	Expenses								
	a) Cost of materials consumed	40,910.39	59,543.73	59,489.70	2,44,098.22	40,910.39	59,543.73	59,489.70	2,44,098.22
	b) Purchase of Stock-in-Trade	(441.50)	15.18	17.55	129.53	(441.50)	15.18	17.55	129.53
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	3,020.08	2,487.88	(8,031.22)	1,083.10	3,020.08	2,487.88	(8,031.22)	1,083.10
	d) Power and Fuel	36,202.94	50,869.12	52,018.50	2,10,586.24	36,202.94	50,869.12	52,018.50	2,10,586.24
	e) Employee Benefits Expense	1,710.14	2,442.68	2,370.08	9,750.19	1,710.14	2,442.68	2,370.08	9,750.19
	f) Finance cost	5,746.61	13,409.12	11,489.02	47,912.63	5,746.61	13,409.12	11,489.02	47,912.63
	g) Depreciation and Amortization Expense	828.27	1,226.06	1,247.72	4,968.78	828.27	1,226.06	1,247.72	4,968.78
	h) Impairment losses / (reversal)	-	-	63,407.20	63,407.20	-	-	63,407.20	63,407.20
	i) Other Expenses	12,705.39	7,052.32	6,434.53	26,558.91	12,705.39	7,052.32	6,434.73	26,559.33
	Total expenses	1,00,682.32	1,37,046.09	1,88,443.08	6,08,494.80	1,00,682.32	1,37,046.09	1,88,443.28	6,08,505.22
V	Profit / (Loss) before exceptional items and tax (III-IV)	2,47,285.31	(20,081.48)	(80,956.74)	(1,29,763.00)	2,47,285.31	(20,081.48)	(80,956.94)	(1,29,773.42)
VI	Exceptional Items	-	-	-	-	-	-	-	-
VII	Profit / (Loss) before Tax (V-VI)	2,47,285.31	(20,081.48)	(80,956.74)	(1,29,763.00)	2,47,285.31	(20,081.48)	(80,956.94)	(1,29,773.42)
VIII	Tax Expense:								
	(a) Current Tax	1,143.86	-	-	-	1,143.86	-	-	-
	(b) Adjustments relating to earlier years	-	-	-	-	-	-	-	-
	(c) Deferred Tax	821.52	(139.40)	(411.75)	(1,374.13)	821.52	(139.40)	(411.75)	(1,374.13)
		1,965.38	(139.40)	(411.75)	(1,374.13)	1,965.38	(139.40)	(411.75)	(1,374.13)
IX	Profit / (Loss) from Discontinuing operations (VII-VIII)	2,45,319.93	(19,942.08)	(80,544.99)	(1,28,388.87)	2,45,319.93	(19,942.08)	(80,545.19)	(1,28,399.29)
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	-	241.95	-	241.95	-	241.95	-	241.95
	(ii) Income tax relating to these items	-	(75.49)	-	(75.49)	-	(75.49)	-	(75.49)
	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	-	166.46	-	166.46	-	166.46	-	166.46
XI	Total Comprehensive Income (IX+X)	2,45,319.93	(19,775.62)	(80,544.99)	(1,28,222.41)	2,45,319.93	(19,775.62)	(80,545.19)	(1,28,232.83)
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	5,980.65	5,980.65
XIII	Other Equity	-	-	-	(3,41,057.30)	-	-	-	(3,41,190.74)
XIX	Earning Per Share (of Rs.1/- each) - Basic and Diluted (in Rupees)	41.02	(3.33)	(13.47)	(21.47)	41.02	(3.33)	(13.47)	(21.47)
		(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)

* The major components of other income includes Profit on sale of assets of Rs. 13,123.92 Lakhs, Reversal of impairment provision of Rs. 1,06,560.90 Lakhs, Remission of borrowings of Rs.1,33,856.24 Lakhs, Reversal of provision for Doubtful debts of Rs. 4118.19 Lakhs and Reversal of Provision for Diminution in Investments of Rs. 2,256.17 Lakhs.

Notes:

- 1) The above statement of Unaudited Standalone and Consolidated Financial Results for the quarter ended 30th June 2024 was reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 16th September 2024.
- 2) The Statutory Auditors have carried out Limited Review of the above financials for the quarter ended June 30, 2024.
- 3) The financial results comprise the combined operations of the company of its Fertilizer and Micro Irrigation businesses. For the purposes of disclosures under Ind AS 108, Operating Segments, as the financial result 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) During the quarter, Ammonia/Urea plants operated up to 4th June 2024, i.e., one plant till 31st May 2024 and the other plant till 04th June 2024, Micro Irrigation Plants operated till 31st May 2024. Thereafter the plants for operations are not available in view of sale of Core Assets by the Lenders under SARFAESI Act 2002 on 31ST May 2024.
- 5) The Company continued to incur losses due to an accident in the GAIL pipeline in June 2014 and eroded its net working capital. The company sought for Corrective Action Plan which was to be implemented but could not be implemented by the Lenders in 2015. Consequently, the Debt of the company was declared as NPA by the lenders in 2018 and stopped supporting funding for working capital since then. The numerous efforts of the company for an amicable debt resolution with the lenders have yielded no result. The Consortium of Banks collectively, on 29th March 2023 assigned the Debt of the company to an Asset Reconstruction Company i.e., M/s Assets Care and Reconstruction Enterprise Limited (ACRE) and the Assignment of Debt communication was received by the Company on 3rd April 2023 through a letter dated 31st March 2023.

ACRE, by virtue of the Debt Assignment became a Secured Creditor, issued a demand notice on 20th May 2023 U/s 13(2) of the SARFAESI Act to repay the outstanding dues of Rs 3,344.37 Crs. The Company replied to the said notice on 17th July 2023 explaining the disputes with the lenders. ACRE reverted on 25th July 2023 disputing the objections raised by the company and advised the company to expedite submission of Debt Resolution Plan/OTS. ACRE on 12th October taken symbolic possession of scheduled assets in its favour including Core and Non-core assets. The company submitted its OTS proposal on 24th October with certain Conditions Precedents (CPs) after obtaining due approvals. On 31st October 2023 ACRE replied to the Company's OTS proposal that the Settlement Proposal submitted to ARCE is not binding and tentative on fulfilment of CPs and therefore was unable to consider and /or appraise the Settlement Proposal and communicated that it would continue to pursue SARFAESI process.

In terms of the mandate of the Board of Directors on 24th December 2023, the Company engaged with and vide letter agreement dated 12th January agreed to cooperate with ACRE basis terms set by ACRE. After taking symbolic possession of assets, ACRE has issued a public notice on 17th January 2024 for physical auction for sale of Movable and immovable properties of the Company under SARFAESI Act, 2002 for recovery of dues to ACRE Rs 3,858 Crs including interest as of 10th December 2023 and mandated the company to sell the non core assets. The Board of directors have taken note of update on SARFAESI process by ACRE on their meeting held on 26th January 2024.

The Company received an email communication dated 17th April 2024 from ACRE that it has received an offer from a bidder above the reserve price and the bidder has submitted an upfront amount of 25% of the Purchase Consideration, in terms of the sale. ACRE vide email dated April 24, 2024, asked the Company to deposit the proceeds/advances received from the sale of non-core assets as mandated by ACRE into fixed deposits lien marked in favour of ACRE. The Sale of non-core assets was to take effect along with or after receipt of sale consideration from the sale of Core Assets under SARFAESI Act, 2002.

ACRE on 31st May 2024 had communicated the Company that as per the Sale Notice dated January 17, 2024, initiated process of sale of the Secured Assets of the Company under the provisions of SARFAESI Act 2002, 2002, read with Security Interest (Enforcement) Rules, 2002 that the bidder had paid the balance 75% of the total bid amount of Rs 1,685 Crores and ACRE has issued a Sale Certificate in favour of the bidder i.e., AM Green Ammonia (India) Pvt Limited and further intimated that the buyer has now become the legal and rightful owner of the assets as listed bid notice.

Consequent to sale of Core assets, the Company was advised by ACRE that Pursuant to ACRE communication to NFCL dated 31.05.2024 regarding sale of core assets under SARFAESI, the Company is requested to deposit the amounts pertaining to the sale of Non-Core Assets of NFCL in the bank account of ACRE-112-Trust and be intimated once transfer is done by Buyer.

Based on the above advice the Company proceeded to obtain NOC from ACRE to facilitate sale of non-core Assets as mandated in the OTS letter agreement dated 12th January 2024. ACRE had issued NOCs for the Sale of non-core assets on 11th June 2024. Accordingly, the buyers of non-core assets deposited the sale consideration directly into ACRE -112-Trust bank Account.

ACRE had upon recovery of Rs 1,685 Crores for Core Assets, Rs 200 Crores from Non-Core Assets amount totalling to Rs. 1,885 Crores sale as per OTS and the balance cutback amount up to 30.06.2024 had issued a No Dues and Security release Certificate (NDC) on 11th July 2024 as per the agreed arrangements informing that - NFCL stands unconditionally and irrevocably released and discharged of any liabilities, dues, demands or claims in respect of the outstanding debt and other amounts due and payable to ACRE by NFCL including personal guarantees of Mr. Kanumuru Satyanarayana Raju and Mr. Kanumuru Rahul Raju in relation to ACRE and pledge of shares of NFCL by Amlika Mercantile Private Limited (AMPL) under the DSA or any other document in relation to the Financing Documents, in each case in accordance with the terms of the DSA / OTS.

Consequent to the settlement of Debt vide receipt of sale proceeds from Core and Non-Core assets by ACRE, there are no other assets including property plant and equipment left with the Company for operations. "No Dues and Security release Certificate" from ACRE was received on 11th July 2024. As per Ind As 10 "Events after the Reporting Period", this is an adjustable event and thereby affecting the Going Concern of the Company and accordingly drawn the Financial Results giving effect of the same for the quarter ended on 30th June 2024.

In view of the Debt settlement happened, the Actual interest (cut back) paid to ACRE for the quarter ended 30th June 2024 is recognised in the Financial Results.

- 6) The Financial Results for the quarter ended on June 30, 2024 have been drawn, basis the sale of Core and Non-core assets controlled by ACRE under SARFAESI Act as explained above, represent the discontinuation of its combined operations of Fertilizers and Micro Irrigation businesses i.e., the entire Cash generating operations of the Company and the effect of debt settlement with the Lenders.

Without considering the energy and other claims from the Government, the current liabilities exceed the current assets by Rs. 83,169.47 Lakhs. Consequent to the discontinuation of operations the going concern of the company is affected and the financial results are prepared accordingly.

However, the Company is pursuing various claims with the Government including reimbursement of Energy consumed etc., the funds from these claims if and when received will be used for the settlement of the current liabilities which are showing a shortfall compared to the current assets available for discharge of these liabilities.

The Company is reviewing to revive the CFG business post the debt settlement. Further the company is exploring the possibility of operating the Ammonia/Urea plants on lease basis seeking permissions from Government and the Buyer of the plants.

Consequent to the results of the above propositions, the Company's financial statements will be reviewed to re-consider the going concern accounting during the subsequent quarters of the financial year 2024-25.

- 7) There are claims against the company, which are not acknowledged as debts and are disputed in various forums, courts, appeals, including arbitration awards amounting to Rs 67,342.75 lakhs.

These 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 claims the legal expenses, amount not ascertained, for the NCLAT appeal filed on behalf of the Company and the company is liable to reimburse the legal expenses to AMPL.

- 9) The company had lost the GAIL arbitration case in 2024. The company filed an application under section 34 of Arbitration and Conciliation Act 1996 which is pending adjudication in Delhi High Court in 2023. Since going for appeal, all the assets of NFCL have been sold basis the secured creditor invoking SARFAESI. The company's accounts have been drawn up accordingly as a non going concern. Given the financial situation NFCL therefore assigned its rights in favour of AMPL to represent it in all legal forums/proceedings to pursue claims from GAIL including Arbitration claim in its name as an assignee along with agency coupled with interest under the provisions of Indian Contract Act, 1872. Should GAIL satisfy the award in the future, NFCL shall use the award as it deems fit after clearing its liabilities.

- 10) Government of India announced New Urea Policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector which are effective from 1st June 2015 to 31st Mar 2019. Government of India extended the NUP -2015 from 1st April 2019 until further orders. Income from Urea Operations has been recognised in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been recognized during the Quarter/ Year in terms of the said policies. Adjustments required, if any, will be considered on notification of final prices.

- 11) The Government from time to time extended the preset energy norms which were valid till 31st March 2023. Accordingly, Subsidy income is recognized based on Target Energy Norms as per NUP-2015 policy for the Quarter ended June 2024.

- 12) 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 company agreed without impairment and prejudice to the rights of AMPL to settle the claims in a manner such that the dues are secured and paid on a priory basis from the receipts if any from claims against GAIL if and when GAIL satisfies the award in relation to pipeline accident.

- 13) The Company is pursuing various claims with the Government including reimbursement of Energy consumed, State Electricity Duty paid and IGST.

- 14) Jaiprakash Engineering and Steel Co Ltd., the subsidiary shares were sold as part of Non-core Assets as on 12th June 2024, thereby JESCO ceases to be a subsidiary of the Company. The consolidated results include results of associate company KVK Raju International Leadership Ltd

- 15) The figures for the quarter ended 31 March 2024 are the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures up to December 31, 2023.

- 16) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable with those of the current periods.

HYDERABAD
16th Sept 2024



K. RAHUL RAJU
MANAGING DIRECTOR



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Independent Auditor's Review Report on the Quarterly 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 ended June 2024 (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. This 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.





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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with 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. Emphasis of matter

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

a) Relating to Going Concern:

On 17th April 2024, the Company received an email from ACRE stating that a bidder had offered above the reserve price and submitted 25% of the purchase consideration. On 31st May 2024, ACRE communicated that the bidder had paid the remaining 75% of the bid amount, totalling Rs 1,685 Crs, and ACRE issued Sale Certificates to AM Green Ammonia (India) Pvt Ltd, confirming its legal ownership of the assets.

Following the sale of core assets, ACRE advised the Company to deposit proceeds from the sale of non-core assets into the ACRE-112-Trust account. After obtaining the necessary NOCs from ACRE on 11th June 2024, buyers of the non-core assets directly deposited the sale consideration into the ACRE-112-Trust account. ACRE recovered Rs 1,685 Crs from the core assets and Rs 200 Crs from the non-core assets, totalling Rs 1,885 Crs as per the OTS.

During the quarter, Ammonia/Urea plants operated up to 4th June 2024, i.e., one plant till 31st May 2024 and the other plant till 04th June 2024, Micro Irrigation Plants operated till 31st May 2024. Thereafter the plants for operations are not available in view of sale of Core Assets by the Lenders under SARFAESI Act 2002 on 31st May 2024.

Consequent to the settlement of Debt vide receipt of sale proceeds from Core and Non-Core assets by ACRE, there are no other assets including property plant and equipment left with the Company for operations and the combined operations of Fertilizers and Micro Irrigation businesses of the company were discontinued.





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"No Dues and Security release Certificate" from ACRE was received on 11th July 2024. As per Ind As 10 "Events after the Reporting Period", this is an adjustable event and thereby affecting the Going Concern of the Company and accordingly drawn the Financial Results giving effect of the same for the quarter ended on 30th June 2024.

- b) Note No. 6: Without considering the energy and other claims from the Government, the current liabilities exceed the current assets by Rs. 83,169.47 Lakhs.
- c) Note No 7: There are claims against the company, which are not acknowledged as debts and are disputed in various forums, courts, appeals, including arbitration awards amounting to Rs 67,342.75 lakhs. These contingent liabilities/claims stated above are not confirmation of dues but record of disputes.
- 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 10: "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.





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f) Note No 12: 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 company agreed without impairment and prejudice to the rights of AMPL to settle the claims in a manner such that the dues are secured and paid on a priory basis from the receipts if any from claims against GAIL if and when GAIL satisfies the award in relation to pipeline accident.

Our Conclusion is not modified in respect of the above matter.

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


A Krishna Rao
Partner
M.No. 020085
UDIN: 24020085BKAUXN8774



Place: Hyderabad
Date: 16-09-2024



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Independent Auditor's Review Report on the Quarterly 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") and its associate, for the quarter ended June 30, 2024 ("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 from 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.

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.





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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with 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. "The Statement" includes the results of the following entity:
- a) KVK Raju International Leadership Limited (Associate)

6. Emphasis of Matter

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

a) **Relating to Going Concern:**

On 17th April 2024, the Company received an email from ACRE stating that a bidder had offered above the reserve price and submitted 25% of the purchase consideration. On 31st May 2024, ACRE communicated that the bidder had paid the remaining 75% of the bid amount, totalling Rs 1,685 Crs, and ACRE issued Sale Certificates to AM Green Ammonia (India) Pvt Ltd, confirming its legal ownership of the assets.

Following the sale of core assets, ACRE advised the Company to deposit proceeds from the sale of non-core assets into the ACRE-112-Trust account. After obtaining the necessary NOCs from ACRE on 11th June 2024, buyers of the non-core assets directly deposited the sale consideration into the ACRE-112-Trust account. ACRE recovered Rs 1,685 Crs from the core assets and Rs 200 Crs from the non-core assets, totalling Rs 1,885 Crs as per the OTS.

During the quarter, Ammonia/Urea plants operated up to 4th June 2024, i.e., one plant till 31st May 2024 and the other plant till 04th June 2024, Micro Irrigation Plants operated till 31st May 2024. Thereafter the plants for operations are not available in view of sale of Core Assets by the Lenders under SARFAESI Act 2002 on 31st May 2024.





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Consequent to the settlement of Debt vide receipt of sale proceeds from Core and Non-Core assets by ACRE, there are no other assets including property plant and equipment left with the Company for operations and the combined operations of Fertilizers and Micro Irrigation businesses of the company were discontinued.

"No Dues and Security release Certificate" from ACRE was received on 11th July 2024. As per Ind As 10 "Events after the Reporting Period", this is an adjustable event and thereby affecting the Going Concern of the Company and accordingly drawn the Financial Results giving effect of the same for the quarter ended on 30th June 2024.

- b) Note No. 6: Without considering the energy and other claims from the Government, the current liabilities exceed the current assets by Rs. 83,167.47 Lakhs.
- c) Note No. 7: There are claims against the company, which are not acknowledged as debts and are disputed in various forums, courts, appeals, including arbitration awards amounting to Rs 67,342.75 lakhs. These contingent liabilities/claims stated above are not confirmation of dues but record of disputes.
- 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 10: "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.
- f) Note No 12: 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 company agreed without impairment and prejudice to the rights of AMPL to settle the claims in a manner such that the dues are secured and paid on a priory basis from the receipts if any from claims against GAIL if and when GAIL satisfies the award in relation to pipeline accident.





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

7. Other Matter Paragraph

We did not review the interim financial results of "the associate" included in the consolidated unaudited financial results, whose interim financial results reflect a total Revenues of Rs. 0.00 Lakhs and total comprehensive Income/ (loss) of Rs. 0.00 Lakhs for the Quarter ended 30th June, 2024.

These financial results are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the associate, is based solely on such unaudited financial results. In our opinion and according to the information and explanations given to us by the Management, these financial results are not material to the Group.

Our Conclusion is not modified in respect of the above matter.

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


A Krishna Rao
Partner
M.No. 020085
UDIN: 24020085BKAUXO4820



Place: Hyderabad
Date: 16.09.2024