



NAGARJUNA FERTILIZERS  
AND CHEMICALS LIMITED

# ANNUAL REPORT

2023-24



## Board of Directors

**Uday Shankar Jha**

Chairman

**Chandrapal Singh Yadav**

Nominee of KRIBHCO

**Lalitha Raghuram**

Independent Director

**Rajendra Mohan Gonela**

Independent Director

**Sudhakar Kudva**

Independent Director  
(w.e.f. June 17, 2023)

**K Rahul Raju**

Managing Director

**Sudhakara Rao Annam**

Chief Financial Officer

**Registered Office**

D. No 8-2-248,  
Nagarjuna Hills, Punjagutta,  
Hyderabad - 500 082. India

**CIN: L24129TG2006PLC076238**

**Website**

[www.nfcl.in](http://www.nfcl.in)

**Manufacturing Facilities****Urea**

Kakinada, East Godavari Dist,  
Andhra Pradesh

**Micro-Irrigation**

Nacharam, Hyderabad, Telangana  
Sadashivpet Mandal, Medak District,  
Telangana

Halol, Panchmahal Dist., Gujarat

**Statutory Auditors****M/s. P Murali & Co**

Chartered Accountants  
Hyderabad

**Vijaya Bhasker M**

Company Secretary & Compliance Officer



## Notice of 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting (AGM) of the members of Nagarjuna Fertilizers and Chemicals Limited (the Company) will be held on September 30, 2024 at 10:00 A.M. IST through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the 18th Annual Report of the Company, the Financial Statements for the Financial Year ended March 31, 2024 and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Chandrapal Singh Yadav (DIN: 00023382) who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS:

- 3) To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution**:

To approve appointment of Mr. Uday Shankar Jha (DIN: 00056510) who retires by rotation and being eligible offers himself for re-appointment.

"**RESOLVED THAT**, the consent of the Members of the Company be and is hereby accorded to appoint Mr. Uday Shankar Jha, who retires by rotation and being eligible offered himself for re-appointment, as a Non-Executive Director on the Board of the Company, liable to retire by rotation".

"**RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions If any, the consent of members of the Company be and is hereby accorded to the continuation of Mr. Uday Shankar Jha (DIN : 00056510), as a Non-Executive Director of the Company, who shall attain the age of 75 years, on June 16, 2025 during the term as a Non-Executive Director of the Company".

- 4) To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution**:

To Approve the continuation of Directorship of Mr. Sudhakar Kudva (DIN:02410695) as an Independent Director.

"**RESOLVED THAT** the Members took note that Mr. Sudhakar Kudva (DIN: 02410695), was 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, by the Members at their 17th Annual General Meeting held on September 15, 2023".

"**RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions If any, the consent of members of the Company be and is hereby accorded to the continuation of Mr. Sudhakar Kudva (DIN: 02410695), as an Independent Director of the Company, who shall attain the age of 75 years on 06th December, 2025 , during the term as an Independent Director of the Company".

- 5) To ratify the remuneration of the Cost Auditors for the Financial Year 2024-25.

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"**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, 2025, be and is hereby approved".

By Order of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

Hyderabad  
August 31, 2024

## NOTES:

- 1) The Ministry of Corporate Affairs ("MCA") vide General circular number 14/2020, 17/2020, 20/2020, 02/2021, 02/2022,10/2022, 09/2023 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, May 05, 2022 December 28, 2022 and September 25, 2023 respectively read with Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79,SEBI/HO/CFD/CMD2/CIR/P/2021/11,SEBI/HO/CFD/CMD2/CIR/P/2022/62,SEBI/HO/CFD/PoD-2/P/CIR/2023/4 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167dated May 12, 2020, January 15, 2021, May 13, 2022,January 05, 2023 and October 07, 2023 respectively issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as 'the Circulars'), Companies are allow to hold AGM through Video Conferencing (VC) / Other Audio Visual Means ("OAVM"), without the physical presence of members at a common venue.
- 2) The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to convene the 18th AGM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").
- 3) In compliance with the Circulars cited at point 1 above, notice of 18th Annual General Meeting (AGM) along with Annual Report 2023-24 is being sent only through electronic mode to those members whose email addresses are registered with the Company / Depositorie(s). Members may note that Notice of the 18th AGM along with the Annual Report 2023-24, is available on the Company's website at [http://nfcl.in/inv\\_annual.htm](http://nfcl.in/inv_annual.htm),websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.  
The Notice of 18th AGM is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
- 4) A member entitled to attend and vote at the 18th AGM is not entitled to appoint a proxy to attend and vote instead of himself / herself as the facility for appointment of proxies by the members will not be available.
- 5) Participation of members through VC will be reckoned for the purpose of quorum for the 18th AGM as per section 103 of the Companies Act, 2013 (the Act).
- 6) As the 18th AGM is being held through VC, the route map, proxy form and attendance slip are not attached to this Notice.
- 7) Institutional Investors and Corporate Members are encouraged to attend and vote at the 18th AGM through VC. Institutional Investors and Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a scanned copy of certified Board resolution / authorization letter to the Company at [investors@nfcl.in](mailto:investors@nfcl.in).
- 8) The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the Special Businesses set out in the Notice is annexed hereto.
- 9) Brief profile of Mr. Chandrapal Singh Yadav and Mr. Uday Shankar Jha proposed to be re-appointed as the Directors along with names of Companies in which they hold Directorships and Memberships/Chairmanships of Board and its Committees, shareholding and their relationship with other directors inter-se is annexed hereto.
- 10) Brief profile of Mr. Sudhakar Kudva,Independent Director, who shall continue as the Director after attaining 75 years during the tenure , along with names of Companies in which he holds Directorships and Memberships/Chairmanships of Board and its Committees,shareholding and their relationship with other directors inter-seis annexed hereto.
- 11) The Register of Members and the Share Transfer Books will remain closed from September 24, 2024 to September 30, 2024 (both days inclusive).
- 12) In terms of Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956), the dividends which remained unclaimed for a period of seven years from the date of transfer to the Company's Unpaid Dividend Account pertaining to the F.Y. 2011-12, has been transferred by the company to the Investor Education and Protection Fund (IEPF), established by the Central Government and all corresponding shares has also been transferred to the demat account of IEPF Authority.
- 13) Members / claimants whose shares, unclaimed dividend, etc. which have been transferred to the demat account of the IEPF Authority, may apply for refund or claim the shares respectively by making an application to the IEPF Authority in Form IEPF- 5 (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee prescribed by the IEPF Authority from time to time. Members/ claimants can file only one consolidated claim in a financial year as per the IEPF Rules. Form IEPF- 5 is also available on the website of the Company at viz., [www.nfcl.in](http://www.nfcl.in), under the 'Investors' section.
- 14) SEBI has mandated submission of PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their depository participants. Members holding shares in physical form are requested to submit their PAN details to the company's RTA at Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No. 44, Eco House, Nagarjuna Hills, Punjagutta, Hyderabad, 500082.
- 15) SEBI mandated listed companies to disallow from accepting request for transfer of securities which are held in physical form, with effect from April 01, 2019. Shareholders are requested to convert physical shares to demat form compulsorily if they wish to effect any transfer.
- 16) Members are requested to promptly intimate / update PAN, KYC details i.e., name, postal address, e-mail address, telephone/mobile numbers, mandates, nominations, bank details such as, name of the bank and branch details, bank account number,MICR code, IFSC code, etc., to Depository Participants if the shares are held in electronic form and to the Company's RTA if the shares are held in physical form in prescribed Form ISR-1 and other forms pursuant to SEBI circular SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/655 dated November 3, 2021, read with SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/ CIR/2023/37 dated March 16, 2023, as per instructions mentioned in the form. The said form are available on the Company's website under Investor's Desk → In-House RTA/STA

- 17) Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests, viz., Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR-4. The said form are available on the Company's website under Investor's Desk → In-House RTA/STA. It may be noted that any service request can be processed only after the folio is KYC Compliant.
- 18) Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the depository participant(s) and holdings should be verified. Members whose shareholding is in the electronic mode are requested to inform change of address, notifications and updates of Bank account details to their respective Depository Participants only.
- 19) Members are requested to update the Bank account number allotted after implementation of Core Banking Solutions (CBS) to the Company in case of shares held in physical form and to Depository Participant (DP) in case of shares held in demat form
- 20) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company's or In-house RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
- 21) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.
- 22) Members desiring any information relating to accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready at the Annual General Meeting.
- 23) As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in ISR-3 or SH-14 as the case may be. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in dematerialized form and to the Company's Registrar and Transfer Agent ('RTA') in case the shares are held by them in physical form, quoting their folio number.
- 24) We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company's in house Share Transfer Agent (STA), to receive copies of the Annual Report 2023-24 in electronic mode at [investors@nfcl.in](mailto:investors@nfcl.in)
- 25) The Company has paid the listing fees to BSE Limited and National Stock Exchange of India Limited, Mumbai, where the securities of the Company are listed.
- 26) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be made available electronically for inspection by the members during the AGM. Members intending to inspect the said registers are requested to write to [investors@nfcl.in](mailto:investors@nfcl.in)
- 27) Members are requested to address all correspondences, including dividend matters, to Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No. 44, Eco House, Nagarjuna Hills, Punjagutta, Hyderabad, 500082.
- 28) The Company has designated an exclusive e-mail ID titled [investors@nfcl.in](mailto:investors@nfcl.in) for the redressal of shareholders complaints / grievances. In case of any unresolved queries / complaints / grievances, please write to us at [secretarial@nfcl.in](mailto:secretarial@nfcl.in)
- 29) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings, the Company is providing remote e-voting facility to all the shareholders of the Company and e-voting during the 18th AGM in respect of all the businesses set forth in the Notice.  
  
The Company has engaged the services of Central Depository Services (India) Limited (CDSL) for providing e-voting services through their e-voting platform. Your Demat Account/Folio Number has been enrolled by the Company for your participation in remote e-voting facility and e-voting during the 18th AGM.  
  
A Member shall opt only one mode of voting i.e., either remote e-voting or e-voting during 18th AGM. Members who have cast their vote by remote e-voting may attend the meeting but shall not be allowed to vote again at the 18th AGM. Voting, if exercised, shall be invalid and the vote cast through remote e-voting shall be considered.  
  
Remote e-voting facility will be available on the website [www.evotingindia.com](http://www.evotingindia.com) from Friday, September 27, 2024 at 09.00 A.M. and ends on Sunday, September 29, 2024 at 5.00 P.M, after which the facility will be disabled by CDSL and remote e-voting shall not be allowed beyond the said date and time. The notice is also available on the website [www.evotingindia.com](http://www.evotingindia.com).  
  
The voting right of shareholders shall be in proportion to the amount paid up on the total number of shares held by the respective shareholder with the total share capital issued by the company as on the cut-off date i.e. September 23, 2024.



Cut-off date is for determining the eligibility to vote by electronic means or at the meeting. A person who is not a member as on the cut-off date should treat this Notice for information purposes only. A member as on the cut-off date shall only be entitled for availing the remote e-voting facility or vote, as the case may be, at the 18th AGM. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting

Details of Scrutinizers: Mr. C S S Krishna, Partner, M/s. K B G Associates, Company Secretaries at 1st Floor, 1-9-309/A, Above Kancheepuram Lavanya Silks, Red Cross Blood Bank Road, Spencer's Vidyanagar Road, Atchuta Reddy Marg, Vidyanagar, Hyderabad - 500 044 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

**THE INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETING ARE AS UNDER:**

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on September 27, 2024 at 9.00 A.M. and ends on September 29, 2024 at 05.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2024, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL Depository	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be re-directed to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 21 09911
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 022-48867000 and 022-24997000

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Click on Shareholders module.
  - Now enter your User ID
    - For CDSL: 16 digits beneficiary ID,
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - Next enter the Image Verification as displayed and Click on Login.
  - If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
  - If you are a first time user follow the steps given below:

Login Type	For Physical Shareholders and other than Individual Shareholders holding Shares in Demat
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>



- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant Nagarjuna Fertilizers and Chemicals Limited on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
    - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
    - Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address [investors@nfcl.in](mailto:investors@nfcl.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the 18th AGM is same as the instructions mentioned above for e-voting.
2. The Members can join the 18th AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the 18th AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the 18th AGM without restriction on account of first come first served basis.
3. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the 18th AGM.
5. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
6. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
8. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investors@nfcl.in](mailto:investors@nfcl.in). The shareholders who do not wish to speak during the AGM but have queries may send their



queries in advance two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investors@nfcl.in. These queries will be replied to by the company suitably by email.

9. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
10. Only those shareholders, who are present in the 18th AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the 18th AGM.
11. If any Votes are cast by the shareholders through the e-voting available during the 18th AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 2109911

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 2109911.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 3, 4 and 5 of the accompanying notice.

#### Item No.3

Mr. Uday Shankar Jha (DIN: 0056510), Non-Executive Director on the Board of the Company, shall retire by rotation at the 18th Annual General Meeting in terms of Section 152(6) of the Companies Act, 2013.

Mr. Uday Shankar Jha, being eligible offered himself for re-appointment as a Non-Executive Director on the Board of the Company, liable to retire by rotation, who will attain the age of 75 years on June 16, 2025, during the term of Non-Executive Directorship.

The Board of Directors of the Company on August 31, 2024, have considered and recommended the appointment of Mr. Uday Shankar Jha, as a Non-Executive Director of the Company, liable to retire by rotation.

The Company has received from Mr. Uday Shankar Jha, the following:

- a) Consent in writing to act as Director in Form DIR- 2
- b) Declaration in Form DIR-8 confirming that he is not disqualified under Section 164(2) of the Companies Act, 2013.
- c) Affirmation that the he is not debarred from holding the office of Director by virtue of any SEBI order or any such other authority.

#### Brief Profile of Mr. Uday Shankar Jha:-

Mr. Uday Shankar Jha has M.Sc. in physics. He has attended various short term and long term courses on logistics, marketing and management in various Institutions within India and abroad. He has presented papers in National and International seminars, chaired several technical sessions in various seminars both within and outside India.

Mr. Uday Shankar Jha has a vast Board experience in Rashtriya Chemicals and Fertilizers Limited (RCF) as Chairman, Rajasthan RCF (RRCF) as Chairman among others

In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Accordingly, The Board of Directors considering the vast experience and expertise and so as to utilize his services for the Company, have proposed to appoint Mr. Uday Shankar Jha as a Non-Executive Director of the Company and continue the appointment as a Non-Executive Director, after attaining the age of 75 years in compliance with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details in relations to names of companies in which he holds directorships and Memberships/ Chairmanships of Board, its Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed hereto

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except Mr. Uday Shankar Jha.

The Board commends the Special Resolution set out at Item No. 3 of the Notice for the approval of the Members.

#### Item No.4

Mr. Sudhakar Kudva (DIN: 02410695), was 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 up to June 16, 2028, by the Members at their 17th Annual General Meeting held on September 15, 2023.

Mr. Sudhakar Kudva, will attain the age of 75 years on December 06, 2025, during the term of Independent Directorship of the Company.

The Company has received from Mr. Sudhakar Kudva, the following:

- Consent in writing to act as Director in Form DIR- 2
- Declaration in Form DIR-8 confirming that he is not disqualified under Section 164(2) of the Companies Act, 2013.
- Declaration as per Section 149(6) of the Companies Act, 2013, that he meets the criteria of independence.
- Affirmation that the he is not debarred from holding the office of Director by virtue of any SEBI order or any such other authority.

#### Brief Profile of Mr. Sudhakar Kudva:-

Mr. Sudhakar Kudva, is a graduate B Com Honours from University of Bombay in 1971 and Chartered Accountant in 1974, has over 50 years of work experience in India and abroad in a wide range of industries. He was an Executive Director Finance and Commercial at Arcelor Mittal Ltd in Africa. the Lakshmi Mittal Group. His areas of expertise are Finance, Treasury and General Management.

In terms of Regulation 17(1A) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Accordingly, the Board of Directors considering the experience and expertise and so as to utilize his services for the Company, have proposed to continue Mr.Sudhakar Kudva (DIN: 02410695), as an Independent Director of the Company, after attaining the age of 75 years till the completion of the term of Independent Director till June 16, 2028, in compliance with Regulation 17(1A) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Sudhakar Kudva, fulfills the conditions / criteria of Independent Directorship as specified in the Act, Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Sudhakar Kudva is independent of the management.

Details in relations to names of companies in which he holds directorships and Memberships/ Chairmanships of Board, its Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed hereto

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution except Mr. Sudhakar Kudva.

The Board commends the Special Resolution set out at Item No. 4 of the Notice for the approval of the Members.

#### Item No.5

The company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board at its meeting held on May 20, 2024, on recommendation of the Audit Committee, approved the appointment and remuneration of Rs. 4 Lakhs plus service tax as applicable and reimbursement of outof pocket expenses, to M/s. D V & Associates (Firm Registration No. 001929), Cost Auditors, Hyderabad to conduct the audit of the cost records of the Company, for the Financial Year ending March 31, 2025, for the products Fertilizers (Plant I and 2 at Kakinada) and other Machinery and Plastic and Polymers (Micro Irrigation Products).

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be approved by the Members of the Company.

Accordingly, the Board of Directors recommends ratification of the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2025, as set out in the resolution, for the services rendered / to be rendered by the Cost Auditor for the approval of the Members of the Company.

None of the Director(s) and Key Managerial Personnel of the Company and/or their relatives are in any way concerned or interested financially or otherwise in the Resolution mentioned at Item No.5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.5 of the Notice for the approval of the Members.

#### Inspection of Documents

The documents pertaining to Special Businesses will be made available electronically for inspection by the Members during the AGM. Members intending to inspect are requested to write to investors@nfcl.in

Hyderabad  
August 31, 2024

By Order of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510



## ANNEXURE TO ITEM NO. 2 & 3 OF THE NOTICE

### Details of Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of the director	Mr. Chandrapal Singh Yadav	Mr. Uday Shankar Jha
Designation	Nominee Director	Chairman (Non-Executive)
Director Identification Number (DIN)	00023382	00056510
Date of Birth	March 19, 1959	June 16, 1950
Age	65 Years	74 Years
Nationality	Indian	Indian
Date of Appointment	August 18, 2011	August 06, 2016
Qualification	M.Sc, B. Ed, LLB	M. Sc., Physics
Expertise in specific functional areas	He is a Doctorate and a Law Graduate. Mr.Chandrapal Singh, Member of Rajya Sabha is a grass-root Corporator. He has been Member of Legislative Assembly, UP	Mr. Uday Shankar Jha has M.Sc. in physics. He has attended various short term and long term courses on logistics, marketing and management in various Institutions within India and abroad. He has presented papers in National and International seminars, chaired several technical sessions in various seminars both within and outside India.  Mr. Uday Shankar Jha has a vast Board experience in Rashtriya Chemicals and Fertilizers Ltd (RCF) as Chairman, Rajasthan RCF (RRCF) as Chairman among others.
Shareholding in the Company including Shareholding as a Beneficial Owner	Nil	Nil
List of Directorships held in other Companies	<ul style="list-style-type: none"> <li>• Krishak Bharati Cooperative Limited</li> <li>• KRIBHCO Agri Business Private Limited.</li> <li>• KRIBHCO Green Energy Private Limited.</li> <li>• KRIBHCO Fertilizers Limited</li> <li>• KRISHCO Gramin Vikas Sanstha</li> <li>• DP World Multimodal Logistics Hyderabad Private Limited.</li> <li>• DP World Rail Logistics Private Limited.</li> </ul>	Jaiprakash Engineering and Steel Company Limited
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including this Company		Nagarjuna Fertilizers and Chemicals Limited - Audit Committee - Nomination and Remuneration Committee - Stakeholders Relationship Committee - Risk Management Committee - Management Committee - Shares and Debentures Committee - Corporate Social Responsibility Committee Jaiprakash Engineering and Steel Company Limited - Audit Committee - Nomination and Remuneration Committee
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Mr. Chandrapal Singh Yadav, is not concerned / interested / related to any of the Directors / KMP's and / or their relatives in any way.	Mr. Uday Shankar Jha, is not concerned / interested / related to any of the Directors / KMP's and / or their relatives in any way.

## ANNEXURE TO ITEM NO.4 OF THE NOTICE

### Details of Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting

(in pursuance of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of the director	Mr. Sudhakar Kudva
Designation	Independent Director
Director Identification Number (DIN)	02410695
Date of Birth	December 06, 1950
Age	74 Years
Nationality	Indian
Date of Appointment	June 17, 2023
Qualification	B Com (Honors), Fellow Members of the Institute of Chartered Accountants of India.
Expertise in specific functional areas	Mr. Sudhakar Kudva, has over 50 years of work experience in India and abroad in a wide range of industries. He was an Executive Director Finance and Commercial at Arcelor Mittal Ltd in Africa. the Lakshmi Mittal Group. His areas of expertise are Finance, Treasury and General Management.
Shareholding in the Company including Shareholding as a Beneficial Owner	715 Shares
List of Directorships held in other Companies	<ul style="list-style-type: none"> <li>• NACL Industries Limited</li> </ul>
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including this Company	<p>Nagarjuna Fertilizers and Chemicals Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee</li> </ul> <p>NACL Industries Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Nomination and Remuneration Committee</li> <li>- Risk Management Committee</li> <li>- Corporate Social Responsibility Committee</li> <li>- Banking Committee</li> </ul>
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Mr. Sudhakar Kudva, is not concerned / interested / related to any of the Directors / KMP's and / or their relatives in any way.



## DIRECTOR'S REPORT

### Dear Members,

Your directors present the 18th Annual Report on the business and operations of NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED (NFCL) together with the Audited Financial Statements of your Company for the year ended March 31, 2024, and other accompanying reports, notes and certificates.

### A.Business and Financial Highlights

The Standalone and Consolidated Financial Results of the Company for the year ended March 31, 2024, prepared as per Ind AS reporting are as under:

#### Standalone Financial Results

Rs. in Crore

Particulars	2023 – 2024 Current year	2022 – 2023 Previous year
Net Sales/Income from Operations	4,765.39	5,642.20
Other Income	21.93	63.44
Total Expenditure		
a. Changes in inventories of finished goods, stock-in-trade and work in progress	10.83	(24.68)
b. Cost of materials consumed	2,440.98	2,848.73
c. Employee Benefits expense	97.50	98.93
d. Purchase of Stock-in-Trade	1.30	4.78
e. Power and Fuel	2,105.86	2,403.69
f. Impairment losses	634.07	675.19
g. Other expenses	265.59	230.93
Total	5,556.13	6,237.57
Finance cost	479.13	525.94
Depreciation and amortization	49.69	79.27
Profit/ (Loss) before exceptional items, and tax	(1,297.63)	(1,137.14)
Exceptional Items	-	-
Profit/(Loss) before tax	(1,297.63)	(1,137.14)
Provision for tax	-	-
Deferred tax	(13.74)	(237.05)
Profit / (Loss) after tax	(1,283.89)	(900.09)
Other Comprehensive income (net of tax)	1.66	2.81
Total Comprehensive income	(1,282.22)	(897.28)
Dividend – equity shares	-	-
Tax on proposed dividend	-	-
Balance c/d to Balance Sheet	(1,282.22)	(897.28)
Paid Up equity share capital		
(Face value of Re.1/- per share)	59.81	59.81
Reserves excluding revaluation reserve	(3410.57)	(2128.35)
Earnings per share (annualized) – in Rs.	-	-
Basic and Diluted	(21.47)	(15.05)

#### Consolidated Financial Results

Rs. in Crore

Particulars	2023 – 2024 Current year	2022 – 2023 Previous year
Net sales/income from operations	4,765.39	5,642.20
Other income	21.93	63.44
Total expenditure		
a. Changes in inventories of finished goods, stock-in-trade and work in progress	10.83	(24.68)
b. Cost of materials consumed	2,440.98	2,848.73
c. Employee Benefits expense	97.50	98.93
d. Purchase of Stock-in-Trade	1.30	4.78
e. Power and Fuel	2,105.86	2,403.69
f. Impairment Losses	634.07	675.19
g. Other expenses	265.69	230.97
Total	5,556.23	6,237.61
Finance cost	479.13	525.94
Depreciation and amortization	49.69	79.27
Profit/ (Loss) before exceptional items and tax	(1,297.73)	(1,137.18)
Exceptional Items	-	-
Profit/ (Loss) before tax	(1,297.73)	(1,137.18)
Provision for tax	-	-
Deferred tax	(13.74)	(237.05)
Profit / (loss) after tax before minority interest	(1,283.99)	(900.13)
Share of Loss transferred to Minority Interest	-	-
Share of Loss from Associate Company	-	-
Profit / (Loss) for the year	(1,283.99)	(900.13)
Other Comprehensive income (net of tax)	1.66	2.81
Total Comprehensive income	(1,282.33)	(897.32)
Dividend-equity shares	-	-
Tax on proposed dividend	-	-
Balance c/d to Balance Sheet	(1,282.33)	(897.32)
Paid-up equity share capital		
(Face value of Re.1/- per share)	59.81	59.81
Reserves excluding revaluation reserve	(3,411.91)	(2,129.58)
Earnings per share (annualized) – in Rs.	-	-
Basic and Diluted	(21.47)	(15.05)



## Financial Summary

The loss after tax for the year was Rs.1283.89 crores against Rs.900.09 crore for the previous year. The loss before exceptional items for the period increased by Rs 160.49Cr. The loss before impairment loss for the period increased by Rs 201.62 Crs mainly due to accounting of Rs. 231.32 Crs revision in energy norms from Oct 2020 to March 2023 in the previous year which is not there in the current year.

## Share Capital

The Paid-up Equity Capital of the Company as on March 31, 2024, is Rs.59,80,65,003/- consisting of 59,80,65,003 Equity Shares of Re.1/- each.

## Transfer to Reserves

There has been no transfer to General Reserves during the Financial Year 2023-2024 in view of losses incurred by the Company.

## Dividend

The Board of Directors of your company, after considering the operational performance and keeping in view the company's dividend distribution policy, has decided not to recommend any Dividend for the year under review.

## COMPANY' SAFFAIRS

### Plant Operations

#### Urea

Your Company during the financial year 2023-24 manufactured 13.102 LMT of urea as against 11.205 LMT in the previous year.

The production for the year 2023-24 is less compared to the usual level, owing to low load operation of the plants due to equipment limitations.

#### Micro-Irrigation

Micro Irrigation Division had achieved a production of 92.4 Lakhs Meters in FY 2023-24 against 109.59 Lakh Meters during the previous year out of which PVC pipes production of 1.75 Lakh Meters in FY 2023-24 against 3.71 Lakhs Meters during the previous year.

### Marketing

#### Urea

Your Company achieved a sale of manufactured urea of 13.08 LMT compared to 11.20 LMT in the previous year.

The total urea sales for both manufactured and imported urea was 13.08 LMT compared to 11.20 LMT of previous year.

### Other Traded Products

#### Traded Bulk Products

Your Company could not sell any of the Traded Bulk Products during the year. In the previous year also, there was no sale of Traded Bulk Products.

#### Specialty Fertilizers

Your Company could sell 40.98 Mt of the Specialty Fertilizers during the year. In the previous year, there was no sale of Specialty Fertilizers.

#### Micro-nutrients

Your Company could not sell any of the Micro-nutrients during the year. In the previous year also, there was no sale of Micro-nutrients.

## Supplements and OSR

Your Company could not sell any of the Supplements & OSR during the year. In the previous year also, there was no sale of Supplements & OSR.

## Customized Fertilizers

Your Company could not sell any of the Customized Fertilizers during the year in comparison with sales of 99 MT during the previous year.

## Nagarjuna Brand

The Company has been using Nagarjuna Brand/ Trademarks under a License Agreement dated January 29, 1998. The Company had defaulted in payment of royalty dues under the said License Agreement. The Grantor had sent a notice for cancellation of the Royalty Agreement as the Company has outstanding Royal payments. The grantor had also claimed dues with RP appointed by court in 2021 when the company was admitted to NCLT. However, upon stay from NCLAT, and Agreement on settlement of outstanding dues, the Grantor had allowed continuance of the Brand usage up to end of December, 2022.

Consequent to expiry of brand license, the Company is required to change the name of the Company.

## Environment and Safety

### Environment

Your Company continues its mission of protecting the environment and has inculcated the concept right down the organization. The statutory compliance on environmental matters is being complied from time to time.

### Health & Safety

By following the best practices and with adoption of international standards and procedures, Plant Operations continued. Your Company as on March 31, 2024, completed 1,03,01,232 accident free man-hours by employees and contractors of the Company.

Further to strengthen the procedures and practices, MAH inspection at Ammonia Storage Tanks and Cooling Towers Area, Safe Work Practices Audit, PPE Audit etc., were conducted. Refresher Training has been given to Rescue Squad and basic Fire Fighting techniques to Associates.

### Change in the nature of business

During the year, there was no change in the nature of business of the company.

### Material changes and commitments

The material changes and commitments affecting the financial position of the Company which have occurred as at and post March 31, 2024, has been elaborated in the following under Debt Resolution Proposal and SARFAESI Process by Assets Care and Reconstruction Enterprise Limited (ACRE), the Secured Creditor.

### Claims Against GAIL

After the GAIL pipeline accident in 2014, NFCL had initiated an Arbitration proceeding against GAIL with a claim that there was no force majeure event and that GAIL was liable for the financial losses suffered by the company on account of stoppage of natural gas supplies from 27.6.2014 basis miss representations and gross negligence by GAIL.

The company had unfortunately lost the arbitration case with GAIL on 13.3.2023 wherein the arbitrator concluded that that stoppage of gas was due to a force majeure event as represented by GAIL.

**Debt Resolution Proposal viz. sale of Ammonia/Urea and MI businesses with related assets and liabilities.**

NFCL a growing and profitable company in 2014 went into financial stress due to a GAIL pipeline accident\*. Subsequently the lenders and subsequently board and shareholders (as per section 180 of the Companies Act, 2013) approved rectification of account as a corrective action plan with funding to revive the company. The company could not be revived due to various factors including inadequate funding approved for rectification of account resulting in the lenders declaring default in 2018. The company had filed various cases since 2018 against lenders for not implementing CAP with funding (there is no order yet supporting the claims of the company). Various and significant efforts to revive the company since 2018 failed to yield any results. The company via press came to know that the erstwhile lenders of the company exited their debt through assignment of debt.

\*The Company initiated arbitration on GAIL claim losses incurred on account of GAIL pipeline accident which was dismissed by the arbitrator stating that it's a force majeure.

The Company received a mail correspondence along with a letter of intimation dated March 31, 2023 from M/s Assets Care & Reconstruction Enterprise Ltd (ACRE)(as a Trustee of ACRE-112-Trust)that all the consortium lenders have assigned to it, vide Assignment Agreement dated March 29, 2023, entire fund based outstanding loans/financial assets along with all its rights, titles, interest, underlying securities and guarantees thereof under the relevant Financing Documents under section 5 of the SARFAESI Act, 2002.

**SARFAESI Process by Assets Care and Reconstruction Enterprise Limited (ACRE), the Secured Creditor**

Consequently, ACRE, served notice under SARFAESI Act, on May 20, 2023, and the company, without prejudice to the debt disputes, replied to the SARFAESI notice on July 17, 2023. ACRE while disputing Company's claim had sought for a debt resolution vide letter dated July 25, 2023. ACRE while disputing the companies claims had sought debt resolution proposal from the company.

The company after failing to identify investors for the company for providing funding for debt repayment/settlement and funding for CAPEX and working capital to turn around the company, worked to identify strategic investors for core assets/business and non-core assets to fund OTS to repay lenders. As per section 180 if the company wants to voluntarily sell assets (without prejudice to the rights of the lenders), transfer, lease and / or otherwise dispose of any assets of the company exceeding 20% of its net worth or assets generating more than 20% income require members approval.

Consequently, the Board of Directors at their meeting held on August 14, 2023, and the Members at their 17th Annual General Meeting held on September 15, 2023, took note of ACRE's notice under the SARFAESI Act and approved:

- a) The sale of Ammonia/Urea and MI businesses with related assets and liabilities to M/s. AM Green Ammonia (India) Private Limited (purchaser company) via slump sale sub-

ject to certain Condition Precedents (CPs) and sale/lease/transfer dispose Non Core Assets.

- b) One Time Settlement (OTS) as debt resolution with Asset Care and Reconstruction Enterprise Limited (ACRE) for an amount not exceeding Rs 1500 Crores as full and final settlement towards of their total debts in Nagarjuna Fertilizers and Chemicals Limited.

The sale and settlement proposal is subject to approval of lenders and any other approvals and clearances required for the transaction.

Further, the company had enumerated various risks for fulfillment of the above approvals including initiation of SARFAESI process by lenders, delays in CP fulfillment for slump sale which included energy claim approval and disbursement, lender not agreeing for settling for lower amount than what's due while taking the approval from Board and Members/Shareholders for OTS and funding for OTS (Slump Sale and Sale of Non Core Assets).

ACRE, while engaging with the company for OTS, was 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 favor on October 12, 2023.

Consequent to the approval of the Members/Shareholders for OTS and funding for OTS (Slump Sale and Sale of Non Core Assets), the company on October 24, 2023, has formally applied to ACRE without prejudice accepting the debt and sought permission to allow the company (1) sell the core business via slump sale of Urea and MI businesses (2) to sell the non-core assets as in line with and for the amount approved by Acre and (3) provide a One Time Settlement for an amount of Rs. 1500 crores as full and final settlement towards of their total debt in NFCL.

Basis the proposal of the company for One Time Settlement as a debt resolution, ACRE communicated to the company on October 31, 2023, that Settlement Amount proposed to be paid by the Company is based on an offer to sell the 'Urea' and 'Micro Irrigation Business' on a slump-sale basis which is subjective on several conditions' precedents required to be fulfilled by NFCL before effectuating the sale and that as the conditions precedents have either not been fulfilled as on that date by NFCL or are contingent on various other events that the Settlement Proposal submitted to ACRE therefore is tentative and not binding and therefore was unable to consider and/or appraise the Settlement Proposal extended by the company at that point in time and hence it will proceed with SARFAESI process initiated by it.

In relation to the CPs the most important CP is the energy claim reimbursement. The Company, based on the developments on the claim with Government (DOF), stated that it was optimistic and will continue to work to fulfill the Conditions Precedents (CPs) for Slump Sale Transaction, Sell Non Core Assets and raise funds for One Time Settlement (OTS). That company was optimistic and was working / pursuing on fulfilling the Conditions Precedents (CPs) for the closure of Slump Sale Transaction with M/s. AM Green Ammonia (India) Private Limited, Sell non core assets and to get ACRE to agree to One Time Settlement (OTS) for Rs 1500 Crs as debt resolution instead of Rs 3500 Crs plus being claimed by ACRE.

Notwithstanding despite efforts to speed up the energy claims the company could not succeed and the lenders continued with the SARFAESI process.

In view of the above, while asking the company to continue and speed up closure of CPs for the approved Slump Sale transaction, the Board of Directors on December 24, 2023, without prejudice, considered and approved the company's initiative to engage and work with ACRE on a One Time Settlement 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 company had as part of CAP funding obtained the board and shareholders approval as per section 180 for obtaining loans and mortgage of assets. The company is obligated to service and repay debt once availed. Once the current and fixed assets are mortgaged to lenders the company does not have rights over assets if the company is unable to service and repay debt (and is in default) and the lenders require no approval of the company, its board or shareholders to recover their dues under the provisions of law if there is an event of default.

While Board or Member's approval was required to repay the debt as a matter of good governance the company obtained the approval for and the amount approved by the board for negotiations/debt settlement with ACRE is the amount equal to or lower than the amount realized from sale of core and non-core assets and lower than the amounts due to ACRE.

Accordingly, the company engaged with and agreed to cooperate with ACRE vide OTS Cooperation Agreement (Letter dated January 12, 2024) OTS amount is the amount realized from the sale of assets (Core assets Rs.1350/- Crs and Non-core assets Rs.200/- Crs), as sought by ACRE, without prejudice to the rights of the company and guarantors for a One Time Settlement (OTS) under SARFAESI/directly. The final OTS amount was yet to be determined and will be communicated by ACRE to the company as the sale process was yet to be completed.

Subsequently, 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 email to the company dated January 17, 2024.

Simultaneously, JLL was appointed for sale of non-core assets. As per the mandate of ACRE, JLL shortlisted the buyers for non-core assets and advances were deposited in to fixed deposits lien marked in favor of ACRE, as sought by ACRE.

Consequent to the issue of Public Notice for physical auction for sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, the Company has received email communication dated April 17, 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 line with the terms of the sale and 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 favor of ACRE.

While things stood thus, ACRE vide email dated May 31, 2024, has communicated to the Company that the bidder, AM Green Ammonia (India) Private Limited, has made payment of balance 75% of the total bid amount of INR.1685 Crores and in

terms of the provisions of SARFAESI Act read along with the Rules, ACRE has issued sale certificates in favor of the bidder AM Green Ammonia (India) Private Limited ("Bidder/Buyer") for all the secured assets forming part of the sale notice. The buyer has now become the legal and rightful owner of the assets listed and requested to provide assistance in handing over the physical possession of the secured assets sold to the buyer.

The company basis the approval of the Board of Directors on May 31, 2024 handed over the physical, vacant, quiet and peaceful possession of the Listed Secured Assets of the Company to AM Green Ammonia (India) Private Limited ("Bidder/Buyer")

ACRE, consequent to the sale of core assets wrote to the company for payment of the remaining amount due to its account from the sale of non-core assets. After obtaining NOC from ACRE, the company sought the payment of the remaining amount from the buyers of the non-core assets in the name of the ACRE. The buyers paid a total of Rs.221/- Crs from the sale of non-core assets to ACRE.

ACRE, consequent to recovery from sale of core assets (Urea and MI facilities), non-core assets (all assets other than Urea and MI assets) amounting to Rs.1685 Crores and Rs. 200 crores respectively totaling to Rs. 1885 crores and cutback due till June 30, 2024, towards full and final settlement of debt outstanding of Rs. 3858 Crores claimed by ACRE as of 10th December 2023, has issued a No Due Certificate dated 11th July 2024, confirming that NFCL stands unconditionally and irrevocably released and discharged of any liabilities, dues, demands or claims in respect of the outstanding debt, other amounts due and payable to ACRE, including release of all security created in favor of ACRE, personal guarantees and pledge of shares of NFCL held by promoter (Amlika Mercantile Private Limited).

NFCL does not have any term loans and working capital debt outstanding and is also not in default with any secured lenders.

#### **Company's Exit from Corporate Insolvency Resolution Process (CIRP) under IBC, 2016:**

Hon'ble NCLT Hyderabad Bench, vide order dated August 27, 2021, has initiated Corporate Insolvency Resolution Process (CIRP) against the company Amlika Mercantile Private Limited, one of the Promoters of the Company appealed against the said order of Hon'ble NCLT in Hon'ble NCLAT, Chennai. The Hon'ble NCLAT has since stayed the orders of the Hon'ble NCLT, Hyderabad vide its orders dt.14.09.2021.

Hon'ble NCLAT, Chennai, vide order dated October 05, 2023, has allowed the appeal filed by Amlika Mercantile Private Limited, Core Promoter of Nagarjuna Fertilizers and Chemicals Limited by setting aside "the impugned order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench admitting the company into Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016

Consequently, the Company has exited Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016, effective from October 05, 2023.

#### **Subsidiaries, Joint Ventures or Associate Companies**

During the year under review the company has only one subsidiary viz., Jaiprakash Engineering and Steel Company Limited (JESCO) (a company incorporated under Companies Act, 1956 bearing CIN U00337KA1993PLC014694 having its Regis-





tered Office at 510, 3RD A Cross, 2nd Main,3rdBlock Rajmahal Vilas-II, Dollars Colony, Bangalore-560094, Karnataka.

JESCO couldn't implement the approved projects due to delayed approvals from Karnataka Industrial Area Development Board (KIADB) / Government of Karnataka (GOK).

Further, GOK had issued GO taking back the land and allotted the JESCO land to Navy Coast Guard. The matter is pending in the Court of Law.

In view of the non-execution of sale deeds and legal complications the Board of Directors of your company, as a prudent measure, had written off entire investment in its subsidiary during the Financial Year 2019-20 and the Members of the Company had approved to sell, transfer, lease and/or otherwise dispose of the whole or substantially the whole of the investment in JESCO.

After issuance of GO by Govt of Karnataka (KIADB) cancelling the allocation of land and after prolonged litigation (due to lack of cash flows to support operations and financial creditors), JESCO (a subsidiary of NFCL) with loans went into Voluntary Liquidation under IBC with effect from April 25, 2022. As per IND AS accounting standards shares of JESCO (part of non current assets) were accordingly fully provided for. The liquidator after completing all formalities of voluntary liquidation proceedings had filed the petition for dissolution of JESCO on 01.10.2023 with NCLT, Bangalore.

Subsequently, the company has been informed by JESCO that the Liquidator of JESCO is of the opinion that the JESCO will not be able to pay its debts in full from the proceeds of assets to be sold in the liquidation and accordingly, the liquidator has filed a Memo for withdrawal from Voluntary Liquidation Proceedings and the same is dismissed By NCLT Bangalore as withdrawn vide order dated 16/04/2024.

The Financial Statements for the year ended March 31, 2024, were prepared on Liquidation basis - the values of the Assets are stated at Liquidation Value. Post the sale of non-core assets on June 12, 2024 (which includes JESCO shares) NFCL is no longer is a shareholder in JESCO.

The company has an Associate Company viz., K V K Raju International Leadership Limited (a company incorporated under Companies Act, 1956 bearing CIN U51100TG1995PLC022410 and having its registered office at Nagarjuna Hills, Punjagutta Hyderabad – 500082, Telangana).

There are no changes in the status of subsidiaries or associates' companies during the year under review. Further, there are no material fact that requires mention on the performance and financial position of the Associate Companies.

#### Accounts of Subsidiaries

Consolidated financial statements incorporating the accounts of the Subsidiary Company are enclosed along with the financial statements of the Company. Jaiprakash Engineering And Steel Company Limited (JESCO) is not a material subsidiary whose income or net worth in the immediately preceding accounting year does not exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries as per the thresholds laid down under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

Statement containing salient features of the financial statement of Subsidiary / Associate Company appears as Annexure I to this Report.

Except mentioned above regarding implementation of Voluntary Liquidation Process by JESCO, effective from 25th April, 2022, and appointment of Insolvency Professional, as the Liquidator of JESCO and exit from the Liquidation Process, there are no material fact that requires mention on the performance and financial position of the Jaiprakash Engineering and Steel Company Limited.

The Financial Statements of the Subsidiary and Associate are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Companies Act 2013. The Company shall provide free of cost, a copy of the financial statements of its subsidiary companies to the Members upon request. The statements of the subsidiary's companies are also available on the website of the Company at [http://www.nfcl.in/inv\\_sub.htm](http://www.nfcl.in/inv_sub.htm).

#### DIRECTORS, BOARD COMMITTEES, KEY MANAGERIAL PERSONNEL AND REMUNERATION

##### Directors

##### Continuation of the Appointment of Mr. Sudhakar Kudva as an Independent Director after attaining the age of 75 years.

Mr. Sudhakar Kudva (DIN: 02410695), was 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 up to June 16, 2028, by the Members at their 17th Annual General Meeting held on September 15, 2023.

Mr. Sudhakar Kudva, will attain the age of 75 years on December 06, 2025, during the term of Independent Directorship of the Company.

In terms of Regulation 17(1A) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment / continuation of the appointment of Mr. Sudhakar Kudva, after the attainment of 75 years is subject to the approval of the Members by way of Special Resolution

Accordingly, the Board of Directors, considering the experience and expertise and so as to utilize his services for the Company, have proposed to continue Mr. Sudhakar Kudva (DIN: 02410695), as an Independent Director of the Company, after attaining the age of 75 years still the completion of the term of Independent Directorship till June 16, 2028, in compliance with Regulation 17(1A) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The proposed appointment is being placed before the members at the 18th AGM for their approval.

During the year under review there is no change in the Composition of Board of Directors except mentioned above

##### Key Managerial Personnel

During the year under review there are no changes in the status of the Key Managerial Personnel of the Company.

##### Executive Director

Mr. K Rahul Raju was re-appointed as the Managing Director of the Company for a period of three years effective from August 01, 2020 and the term of appointment concluded on July 31, 2023.

The Board of Directors at their meeting held on August 14, 2023, based on the commendation of the Nomination and Remuneration Committee, have approved the re-appointment of Mr. K Rahul Raju, as Managing Director, of the Company for a further period of 3 years with effect from August 01, 2023 and payment of remuneration subject to the prior approval of the Secured Creditors and the approval of the members of the Company

The Members at their 17th Annual General Meeting held on September 15, 2023 have approved the reappointment of Mr. K Rahul Raju, for a further period of 3 years with effect from August 01, 2023.

#### Key Managerial Personnel

The following are the Key Managerial Personnel of the Company as defined under Sections 2(51), 203 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2024:

- a) Mr. K. Rahul Raju, Managing Director
- b) Mr. Sudhakar Rao Annam, Chief Financial Officer
- c) Mr. Vijaya Bhasker M, Company Secretary

#### Retiring by Rotation

In terms of the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the company, Mr. Uday Shankar Jha and Mr. Chandrapal Singh Yadav, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Uday Shankar Jha, subject to the appointment as a Non-Executive Director at the ensuing Annual General Meeting, will attain the age of 75 years on June 16, 2025, during the term of his Non-Executive Directorship.

In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment / continuation of the appointment of Mr. Uday Shankar Jha, after the attainment of 75 years is subject to the approval of the Members by way of Special Resolution.

The Board of Directors considering the vast experience and expertise and so as to utilize his services for the Company, have proposed to appoint Mr. Uday Shankar Jha as a Non-Executive Director of the Company and continue the appointment as a Non-Executive Director, after attaining the age of 75 years in compliance with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors recommend the reappointment of Mr. Uday Shankar Jha and his continuation after attaining the age of 75 years and Mr. Chandrapal Singh Yadav, as directors liable to retire by rotation, for the consideration of the Members of the Company.

#### Declaration by Independent Directors

The Independent Directors have submitted their declaration to the Board that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 25 of Listing Regulations so as to qualify as an Independent Director of the Company.

#### Meetings of the Board

The Board of Directors of the Company had met five times

during the year on June 15, 2023, June 22, 2023 (Adjourned Meeting), August 14, 2023, October 09, 2023, November 14, 2023 and February 07, 2024

#### Remuneration and other particulars of the Directors/ Key Managerial Personnel/ Employees

The information relating to remuneration and other particulars of the Directors / Key Managerial Personnel / Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 appears as **Annexure – II(a)** to this report.

#### Personnel

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules appears as **Annexure – II (b)** to this report.

#### Familiarization Program and Performance Evaluation

Details of the Familiarization Program and Performance Evaluation are incorporated in the Corporate Governance Report.

#### COMMITTEES

##### Audit Committee

The Audit Committee of the Board of Directors is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference are in compliance with the applicable provisions of the Law.

The Chairman of the Committee is Mr. Rajendra Mohan Gonela, an Independent Director as on March 31, 2024, and the Committee consists of three Independent Directors, and one Non-Executive Director. The Board has accepted all the recommendations made by the Audit Committee.

The Committee meets periodically to review the internal audit report, quarterly financial results and annual audited financial statements among others and recommends its findings to the Board apart from taking action independently whenever required. The Statutory Auditors, Company Secretary, Internal Auditor and Cost Auditors attend and participate in the Audit Committee Meetings.

The Audit Committee comprises of

Name	Directorship	Category
Mr. Rajendra Mohan Gonela	Independent Director	Chairman
Mrs. Lalitha Raghuram	Independent Director	Member
Mr. Sudhakar Kudva <sup>1</sup>	Independent Director	Member
Mr. Uday Shankar Jha	Non-Executive Director	Member

<sup>1</sup>Inducted as a member with effect from June 17, 2023.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted with effect from April 22, 2014, in compliance with the provisions of the Companies Act, 2013 and Regulation 19 of



Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted a Nomination and Remuneration Policy with effect from October 1, 2014, for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Nomination and Remuneration Committee comprises of:

Name	Directorship	Category
Mrs. Lalitha Raghuram	Independent Director	Chairperson
Mr. Rajendra Mohan Gonela	Independent Director	Member
Mr. Uday Shankar Jha	Non-Executive Director	Member

#### Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted with effect from April 22, 2014, in compliance with the provisions of the Companies Act, 2013 and Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee reviews and ensures Redressal of investors' grievances.

The Stakeholders Relationship Committee comprises of

Name	Directorship	Category
Mrs. Lalitha Raghuram	Independent Director	Chairperson
Mr. Rajendra Mohan Gonela	Independent Director	Member
Mr. Uday Shankar Jha	Non- Executive Director	Member

#### Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of three members, of which one is an Independent Director. The Chairman of the Committee is an Independent Director.

The Corporate Social Responsibility Committee comprises of:

Name	Directorship	Category
Mrs. Lalitha Raghuram	Independent Director	Chairperson
Mr. K Rahul Raju	Executive Director	Member
Mr. Uday Shankar Jha	Non-Executive Director	Member

#### Risk Management Committee

The Risk Management Committee was constituted in compliance with the provisions of Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The committee comprises of three members, including one Independent Director. The Chairman of the Committee is an Executive Director.

Name	Directorship	Category
Mr. K Rahul Raju	Executive Director	Chairman
Mrs. Lalitha Raghuram	Independent Director	Member
Mr. Uday Shankar Jha	Non-Executive Director	Member

## B. DISCLOSURES

### Company Policy Matters

Your Company's endeavor has always been to maintain transparency and accountability to its stakeholders. In this direction, various policies mentioned in the Corporate Governance Report have been implemented to enable the stakeholders to appreciate the various interventions the Company has taken.

The implementation of these policies are reviewed periodically by the Board of Directors and updated regularly.

The Company has set up a Grievance Redressal Mechanism for all its associates. The Grievance Redressal Mechanism is aimed to redress the grievances of associates expeditiously to ensure good working atmosphere and culture in the organization.

The Company has in place Policy on Bio-diversity, Gift Policy, Health Safety and Environment Policy and Human Rights Policy.

### Risk Management Policy

The Company had constituted Risk Management Committee which frames, implements and monitors Risk Management Plan of the Company and lays down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company much before it was introduced as statutory compliance.

The Risk Management Committee is in compliance with the provisions of Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has an Enterprise Risk Management System set up as required by the Listing Regulations.

As per the Enterprise Risk Management System, the risks of the Company are being regularly identified/assessed and documented by way of individual profiles and risk registers. The Company is also maintaining web-based risk management application by each department/division at Plant as well as Corporate Office to manage and control the risk in structured manner.

The Risk Management Organization Structure consists of Risk Management Steering Committee (RMSC) at apex level, and at divisional level, Corporate Risk Management Committee (CRMC) and Plant Risk Management Committee (PRMC) were formed to facilitate monitoring and governance of the ERM process on an ongoing basis.

Periodical meetings of the CRMC and PRMC are being held wherein the critical, cautionary and acceptable risks are presented by the departments through web-based RMS application. During such presentations, various cross-functional deliberations take place on the contributing factors and the control measures to mitigate the risks. The outcome of CRMC and PRMC deliberations and the analysis of risks are presented to RMSC on a quarterly basis.

### Policy on Board Evaluation

The Policy on Board Evaluation was adopted with effect from October 01, 2014, by the Board of Directors in compliance of Companies Act, 2013 and Listing Regulations.



The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors on regular basis and to take necessary steps for improving the effectiveness of the Board.

The Nomination and Remuneration Committee has devised the methodology, identified sample tools for evaluation and also laid down the parameters for evaluation of Board of Directors, its Committees, Chairman, Managing Director and Individual Directors for the year ended March 31, 2024.

The Nomination and Remuneration Committee at their meeting held on May 20, 2024, had approved the criteria for evaluation of the Board and its Committees and Individual Directors for the Financial Year 2023-24.

The Board of Directors, based on the responses received from all the Directors, evaluated the performance of the Board of Directors, its Committees, Chairman, Managing Director and the individual Directors at their Meeting held on August 31, 2024.

Further, Independent Directors at their meeting held on August 31, 2024, have reviewed the performance of Non-Independent Directors, Chairman and the Board as a whole.

In view of the evaluation not linked to payment of remuneration, as the Company has opted only for payment of sitting fees, the evaluation has no financial implications on the Company.

#### **Whistle Blower Policy/Vigil Mechanism**

The Company formulated the Whistle Blower Policy/Vigil Mechanism in compliance with Regulation 22 of Listing Regulations and Section 177(9) of the Companies Act, 2013.

The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, and misappropriation of public funds among others.

Employees / associates aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. The Audit Committee periodically reviews the existence and functioning of the mechanism. No personnel of the Company have been denied access to the Audit Committee. The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website. The Web link for the same is [http://nfcl.in/corporate-governance/Whistle\\_Blower\\_Policy.pdf](http://nfcl.in/corporate-governance/Whistle_Blower_Policy.pdf)

#### **Corporate Social Responsibility (CSR)**

The Company has in place a CSR Policy in line with Schedule VII of the Companies Act, 2013. The Company has always desired to play a proactive role in societal development with an intention to bring positive change in the lives of many. The CSR Policy may be accessed on the Company's website at the link: <http://nfcl.in/company-policies/Policy%20on%20Corporate%20Social%20Responsibility.pdf>

An initiative started in 2009 with the spirit of making a difference, had deepened its roots and bigger impact and changing many more lives. The dedicated support, strength, initiative and encouragement from the associates to be part of this initiative gave impetus to the movement.

The Company supports CSR activities through Nagarjuna Foundation and Nagarjuna Education Trust which runs a

school under the name of Akshara School and supports Agricultural research and formal training through Nagarjuna Agricultural Research and Development Institute.

During the year under review, the Company was not required to spend on CSR as the company had been incurring losses for the past few years. The Annual Report on CSR Activities carried out by the Company appears as **Annexure- III** to this Report.

The salient features of the policy on CSR appears as **Annexure – III(a)**

#### **Corporate Governance**

Your Company driven by a desire to be more competitive and recognized globally, had inculcated more than a decade ago rules defining ethical business, much before it was introduced as statutory compliance.

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your Company has always proactively met mandated standards and practiced Corporate Governance in spirit and not just as letter of the law.

The goal of the Company in the area of Corporate Governance is to ensure fairness for every stakeholder; the company believes best practice Corporate Governance is critical to enhance and retain investor trust and to perform with integrity.

The Annual Report contains a separate section on the Company's corporate governance practices, together with a certificate from M/s. KBG Associates, Practicing Company Secretaries on compliance with conditions of Corporate Governance as stipulated under Listing Regulations.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed report on the Management Discussion and Analysis in terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a separate section in the Annual Report.

#### **Related Party Transaction**

All related party transactions done by the Company during the financial year were at arm's length and in ordinary course of business. During the financial year, your Company has not entered into any material transaction as per the Listing Regulations with any of its related parties which may have potential conflict with the interest of the Company at large.

Disclosures pursuant to Accounting Standards on related party transactions have been made in the notes to the Financial Statements (refer Note 33). All related party transactions are placed before the Audit Committee and the Board for review and approval, as appropriate. To identify and monitor significant related party transactions, the Company has also framed a Policy on the Related Party Transactions and the same is available on the Company's website. Web link for the same is [http://nfcl.in/pdfs/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://nfcl.in/pdfs/Policy_on_Related_Party_Transactions.pdf)

All the related party transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis.

Particulars of Contracts or Arrangements with Related parties appears as **Annexure-IV** to this report.



### Particulars of loans, guarantees or investments

There are no loans, guarantees and investments under Section 186 of the Act as at the end of the Financial Year 2023-24.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Disclosure in terms of Section 134(3)(m) read with Rule 8(3) of The Companies (Accounts) Rules, 2014, in respect of conservation of energy, technology absorption, earnings and outgo of foreign exchange is attached as **Annexure-V** to this Report.

### Annual Return

The Annual Return of the Company for the year ended March 31, 2024, is placed on the website of the Company. The web link for the same is [http://www.nfcl.in/inv\\_annualreturn.htm](http://www.nfcl.in/inv_annualreturn.htm).

### Compliance with Secretarial Standards

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India SS-1 – Meetings of Board of Directors and SS-2 – General Meetings.

### Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

There were no significant awards that have been passed by any Court or Judicial Authority against the company during the Financial Year 2023-24 impacting the going concern status and Company's operations in future.

### Adequacy of Internal Financial Controls with reference to Financial Statements

The Company maintains all its records in SAP system and the workflow and approvals are routed through SAP.

The Company's Internal Auditors scrutinize on periodical basis and ensure that the internal controls and the work flow of the organization are being done through the approved policies of the Company. In every quarter, the Internal Auditors present the Internal Audit Report and Management comments on the Internal Audit observations to the Audit Committee.

The Board of Directors of the Company have adopted various policies like the Related Party Transaction, Whistle Blower Policy etc., for ensuring the orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

### Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013, including rules made thereunder.

### Registrar and Share Transfer Agents

The Company has been functioning as Category – II, Share Transfer Agent (in-house) pursuant to the approval of the Securities and Exchange Board of India.

### Deposits

The Company has not accepted any deposits falling under the ambit of Chapter V of the Companies Act, 2013 and the Rules framed there under, during the year nor are there any unpaid

/unclaimed deposits at the end of the year. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

### Maintenance of Cost records and accounts

The Company in terms of provisions of Section 148 (1) of the Companies Act, 2013, is required to maintain cost records. Accordingly, the Company had maintained Cost Accounts and Records for the year ended March 31, 2024.

## C. AUDITORS AND AUDIT REPORT

### Statutory Auditors

The Members of the Company at the 16th Annual General Meeting held on November 29, 2022, appointed M/s. P Murali & Co., Chartered Accountants (Firm Registration No. 007257S), Hyderabad, Statutory Auditors of the Company for term of five years to hold office from the conclusion of 16th Annual General Meeting till the conclusion of the 21st Annual General Meeting.

### Auditor's Report

M/s. P Murali & Co., Chartered Accountants, Statutory Auditors', have submitted the Statutory Auditors Report for the year ended March 31, 2024, and have invited attention on emphasis of matters in relation to:

### 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 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.
- b) Note No 31: The Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 and management perceive that there is no further impairment loss required to be recorded  
Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss of Rs. 63,407.20 Lakhs as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.
- c) 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. 14,150.09 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 32.2 Claim from a related party asserting its right for Royalty for the period from 29.01.1998 onwards, is being negotiated with the granter for settlement.
- e) Note No 32.4: 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.

#### **Management Explanation to emphasis on the matter**

- a) Emphasis of Matter given in Note (a) 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, 2024, are self-explanatory and do not call for any further comments.
- b) Emphasis of Matter given in Note (b) of the Auditor's Report on standalone financial statements read with Note 31 of Notes forming part of the standalone financial statements for the year ended March 31, 2024, are self-explanatory and do not call for any further comments.
- c) Emphasis of Matter given in Note (c) 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, 2024, are self-explanatory and do not call for any further comments.
- d) Emphasis of Matter given in Note (d) 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, 2024, are self-explanatory and do not call for any further comments.
- e) Emphasis of Matter given in Note (e) 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.

#### **Cost Auditor's & Cost Audit Report**

##### **Cost Auditor**

In terms of Section 148 of the Companies Act, 2013 and the Rules made thereunder the Company is required to undertake Audit of the cost accounts maintained by the Company by a Cost Auditor.

The Board of Directors, on the recommendation of the Audit Committee, at their meeting held on May 20, 2024, appointed M/s. D V & Associates as Cost Auditor, at a remuneration of Rs.4 Lakh plus taxes as applicable and reimbursement of out-of-pocket expenses for conducting the audit of cost records of the company for the Financial Year 2024-25.

The remuneration payable to the Cost Auditor for the Cost Audit undertaken / to be undertaken is subject to ratification by the members of the company.

The Board of Directors recommends the remuneration payable to the Cost Auditor for the Financial Year 2024-25, for the approval of the Members.

#### **Cost Audit Report**

M/s. D V & Associates, Cost Auditors have issued Cost Audit Report for Financial Year 2023-24, which does not contain any qualification, reservation or adverse remarks.

#### **Secretarial Auditor & Secretarial Audit Report**

##### **Secretarial Auditor**

The Board of Directors at their meeting held on May 20, 2024, pursuant to the provisions of Section 204 of the Companies Act, 2013, have appointed Mr. C S S Krishna, Partner, M/s.KBG Associates, Company Secretaries, Hyderabad as the Secretarial Auditor of the Company to undertake Secretarial Audit for the Financial Year 2024-25.

##### **Secretarial Audit Report**

M/s.KBG Associates, Secretarial Auditor, have issued the Secretarial Audit Report for the Financial Year 2023-24, which does not contain any qualification, reservation, or adverse remark.

The Secretarial Audit Report appears as **Annexure-VI** to this Report.

##### **Internal Audit**

The Company has well established system of Internal Audit which carries out audit on Risk based Internal Audit framework covering the gamut of financial, marketing, plant operations and service functions.

The Company's Internal Audit function has obtained Quality Management System ISO 9001, certificate since December 2006 and the same was upgraded to ISO 9001:2015.

A Chief Internal Auditor of the Company has been appointed by the Board of Directors, in compliance with the Companies Act, 2013 and Listing Regulations.

##### **Remuneration Policy**

The salient features of the policy on director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act, 2013, adopted by the Board, appears as **Annexure-VII** to this report. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company. The Nomination and Remuneration Policy may be accessed on the Company's website at the link:<http://nfcl.in/pdfs/Nomination%20and%20Remuneration%20Policy%20-%20nfcl.pdf>

#### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Your Company has in place Policy on Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to address complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The Company has not received any complaints pertaining to sexual harassment during the FY ended March 31, 2024.



## D. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013 your Directors hereby report that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The Directorshad laid down internal financial controls to be followed by theCompany and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws andthat such systems were adequate and operating effectively.

## INDUSTRIAL RELATIONS

During the year, the industrial relations at all the works of the company were cordial

## ACKNOWLEDGEMENT

Your directors place on record their gratitude to the Government of India, Government of Andhra Pradesh, Government of Telangana and the Financial Institutions and Company's Bankers for their assistance and cooperation.

Further, the Company places on record its sincere appreciation for the continuing support and unstinting efforts of investors, dealers and associates and all stakeholders.

## CAUTIONARY STATEMENT

The Board's Report may contain certain statements that the Company believes are or may be considered to be forward looking statements within the meaning of applicable securities law and regulations. All these forward-looking statements are subject to certain risks and uncertainties, including but not limited to Government action, economic developments, risks inherent to the Company's growth strategy and other factors that could cause the actual results to differ materially from those contemplated by the relevant forward-looking statements and the company is not obliged to update any such forwarding looking statements.

By Order of the Board

**Uday Shankar Jha**

Chairman

DIN: 00056510

Hyderabad  
August 31, 2024

**ANNEXURES TO BOARD REPORT**
**ANNEXURE – I**
**Form AOC 1**
**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/  
ASSOCIATE COMPANIES/ JOINT VENTURES**
**(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts)  
Rules, 2014 – Form AOC-I)**
**Part “A”: Subsidiaries**

Rs. In lakh

Particulars	Subsidiary Company
	Jaiprakash Engineering and Steel Company Limited
Reporting period for the subsidiary concerned, if different from the holding Company’s reporting period	April 1, 2023 to March 31, 2024
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR
Share capital	2,25,97,203 shares of Rs.10/- each
Reserves and Surplus	(2,393.38)
Total assets	0
Total Liabilities	0
Investments	0
Turnover	0
Profit/(Loss) before taxation	(10.42)
Provision for taxation	0
Profit after taxation	(10.42)
Proposed Dividend	0
% of shareholding	99.84%

**Part “B”: Associates and Joint Ventures**

Rs. In lakh

Name of the Associate / Joint Venture	KVK Raju International Leadership Limited
1. Latest Audited Balance Sheet Date	
2. Shares of Associate /Joint Ventures held by the Company at the year end	
i) Number	1,50,000
ii) Amount of Investment in Associates / Joint Venture	15.00
iii) Extent of Holding %	42.85%
3. Description of how there is significant influence	By virtue of shareholding
4 Reason why the associate / joint venture is not consolidated	The Company had made provision for diminution in the entire value of investment as it is not in operation and net worth is negative.
5. Net worth attributable to Shareholding as per latest Audited Balance Sheet	Considered as zero since net worth is negative
6. Profit / Loss for the year	0.00
i) Considered in Consolidation	-
ii) Not Considered in Consolidation(refer point no.4 above)	0.00

By Order of the Board

**Uday Shankar Jha**  
 Chairman  
 DIN: 00056510

 Hyderabad  
 August 31, 2024




**LANNEXURE – II (a)****Particulars of Remuneration of Directors / Key Managerial Personnel / Employees**

(Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

- a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year- 2023-24.

S.No.	Name of the Director	Median Remuneration (Rs.)	Directors Remuneration (Rs.)	Median Remuneration in %
1	Mr. K Rahul Raju	6,16,49	67,40,239	10.81

- b) The Percentage increase in remuneration of Director, Chief Executive Officer, Manager, Chief Financial Officer, Company Secretary in the Financial Year- 2023-24

S.No	Name	Designation	2022-23 (Rs.)	2023-24 (Rs.)	Percentage Increase of salary
1	Mr. K Rahul Raju	Managing Director	69,45,298	67,40,239	-2.95
2	Mr. Annam Sudhakara Rao	Chief Financial Officer	41,56,205	44,32,148	6.64
3	Mr, M Vijaya Bhasker	Company Secretary	23,86,774	26,26,555	10.05

- c) The percentage increase / (decrease) in the median remuneration of employees in the Financial Year 2023-24

Particulars	2022-23 (Rs.)	2023-24 (Rs.)	Percentage Increase of Median salary
Median Salary	6,19,610	6,16,498	0.50

- d) The number of permanent employees on the rolls of the Company

Particulars	2022-23	2023-24
No. of Employees	836	813

- e) Average percentiles increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration  
1.88% including managerial personnel except Director(s).
- f) Affirmation that the remuneration is as per the remuneration policy of the Company  
The Remuneration paid is as per the remuneration policy of the Company.



## ANNEXURE – II(b):

### Statement of Particulars of Employees

(Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S.NO.	Name	Designation	Remuneration received	Nature of Employment	Qualifications	Years of experience	Date of commencement of employment	Age	Last employment held by employee before joining	Number of equity share held	Relation with Director or Manager
1	Mr. K. Rahul Raju	Managing Director	67,40,239	Refer Note 1	B.Com (Hons)	25	01-08-11	47	JMD, Nagarjuna Fertilizers and Chemicals Ltd.,(Merged)		
2	Mr. Ramesh Madhav Deshpande	Sr.executive Director & Head Operations.	95,15,568	Refer Note 1*	M.Com, LLB	52	03-04-07	76	Advisor to MD, GSFC	Nil	-
3	Mr. Gollapudi Sai Srinivasa Rao	Sr. Vice President - Legal	88,18,904	Refer Note 1	LLM	29	17-04-17	56	Vice President - Reliance Communications Ltd	Nil	-
4	Mr.r Raghavan	Executive Director - Manufacturing)	64,29,833	Refer Note 1*	B.Tech, BOE	42	04-01-99	64	Day Co.Ordination Urea Plant, SAFCO . SABIC Group.	NIL	-
5	Mr.A Nasara Reddy	Executive Director - Sales & Marketing	59,34,919	Refer Note 1*	M B A (Marketing)	40	10-12-1987	64	Marketing Representative, E.I.D Parry Ltd	NIL	-
6	Mr.k Ravindra	Vice President-Operations(Supply Chain)	48,18,518	Refer Note 1	M B A	28	01-01-2011	52	DGM, Bijam Bio Sicences Pvt Ltd.	NIL	
7	Mr. Annam Sudhakara Rao	Chief Financial Officer	44,32,148	Refer Note 1*	M.COM, AI CWA.	39	24-05-2021	65	CFO, Alpha Rama Ltd	NIL	
8	Mr. P Chandra Mohan	Sr. Gm - Operations	43,12,268	Refer Note 1	M.TECH	33	29-03-2010	55	Supervr Tr. Gulf Petrochemicals Industries Company	NIL	
9	Mr. Sankara Rao Reesu	Head - HPD	39,93,474	Refer Note 1	M B A (HR & Marketing)	23	01-07-2021	41	GM - 3F Group	NIL	
10	Mr.G V S Anand	Vice President	38,09,299	Refer Note 1*	M.E (Chemical)	37	04-06-2010	60	Sr.Engineer, Saudi Arabia International Chemicals Ltd.	NIL	

**NOTE:** All the above-mentioned appointments are non-contractual except marked '\*' and are terminable by notice on either side-  
Accumulated Superannuation withdrawal figures not considered for 217(2A)

Shri.R.Raghavan, Shri.A.Nasara Reddy, Shri. G V S Anand (Fixed Term Engagement) . Date of Joining as regular employee is considered for Date of commencement.

**ANNEXURE III****Annual Report on CSR activities of the Company  
(Pursuant to Section 135 of Companies Act, 2013)****1. A brief outline of the CSR Policy of the Company**

At Nagarjuna, we believe in philosophy of SERVING SOCIETY THROUGH INDUSTRY.

We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society.

**At Nagarjuna, we define CSR as:**

- Conducting affairs of our Company in a socially acceptable manner
- Understanding, supporting and developing the communities and the cultures within which we work
- Protecting the environment and safety of the people connected with the Company and the surroundings.
- Enhancing the value of the Company through sustainable growth

**Our CSR Framework:**

Nagarjuna's CSR Framework consists of following four important dimensions:

- Investors and other stakeholders
- Customers
- Employees
- Community

**Compliance:**

Compliance with this policy is continuously monitored and subject to review by the Company.

In the ensuing year, the major focus will be on development of the Communities located in and around the Plants of the Company with continued support to Investors and other stakeholders, Customers and Employees.

**2. Composition of CSR Committee**

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Lalitha Raghuram	Chairperson and Independent Director	1	1
2.	Mr. K Rahul Raju	Member and Executive Director	1	1
3.	Mr. Uday Shankar Jha	Member and Non-Executive Director	1	1

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company**

[http://nfcl.in/inv\\_corp.htm](http://nfcl.in/inv_corp.htm)

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.**

Not applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Not applicable

**6. Average net loss of the company as per section 135(5) - Rs. (76,701.85) lacs****7. (a) Two percent of average net profit of the company as per section 135(5): Not applicable**

(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years.: Nil

(c) Amount required to be set off for the financial year, if any.: Nil

(d) Total CSR obligation for the financial year (7a+7b+7c).Nil

**8. (a) CSR amount spent for the financial year: Nil**

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Nil

- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment: Not applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil  
 (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Not applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)**

Not applicable

Hyderabad  
 August 31, 2024

**K Rahul Raju**  
 Managing Director

**Lalitha Raghuram**  
 Chairperson, CSR Committee

**ANNEXURE-III (a)**

**Policy on Corporate Social Responsibility**

**Our Philosophy**

At Nagarjuna, we believe in philosophy of **SERVING SOCIETY THROUGH INDUSTRY.**

**Our Culture:**

We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society.

**Our Definition**

At Nagarjuna, we define CSR as:

- Conducting affairs of our company in a socially acceptable manner
- Understanding, supporting and developing the communities and the cultures within which we work
- Protecting the environment and safety of the people connected with the company and the surroundings.
- Pnhancing the value of the company through sustainable growth

**Our CSR approach**

At Nagarjuna, CSR is an initiative to create new value to economic, environmental and social issues and is intended to identify our Company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

Practicing CSR does not mean compromising our business standards or values. It means taking a fresh approach to our objectives in order to reduce the social and environmental impacts of our business and to meet the needs of all our stakeholders.

**Our principles**

We recognize that we must integrate our business values and operations to meet the expectations of our stakeholders.

They include customers, employees, regulators, investors, suppliers, the community at large and the environment.

- We recognise that our social, economic responsibility and commitment to preserve environment forms integral part of our business. We aim to demonstrate these responsibilities through our actions and corporate policies.

- We take seriously all feedback from our stakeholders and, aim to meet their aspirations and our commitments.
- We shall be honest and transparent in communicating our strategies, targets, performance and governance to our stakeholders at all times.
- The responsibility of translating this policy into action rests with all associates throughout the company.

**Our CSR Framework**

Nagarjuna's CSR Framework consists of following four important dimensions:

- Investors and other stakeholders
- Customers
- Employees
- Community

**Investors and other stakeholders**

We strive to maximize shareholders wealth through our consistent performance to achieve long term sustainable growth.

- We will provide information on our policies, performance and activities to all stakeholders and shareholders on a timely and accurate basis
- We shall ensure a high level of business performance and aim for best practices of corporate governance
- We shall provide honest, accurate, reliable, ethical, qualitative and complete corporate information to the shareholders to enable them make investment decisions and be proactive in clarifying any information which maybe detrimental to the interests of all stakeholders.
- All business decisions will be made in the best interests of the company and not motivated by personal interest
- We ensure that no insider will misuse the price sensitive information to their personal benefit which is detrimental to the interest of other stakeholders

**Customers**

We shall develop strong and ethical business relationships with our customers, suppliers and others. We aim at manufacturing products which improve our customer's productivity, profitability and are environment-friendly.



We shall deliver high quality products which meet their needs and also promote the safe and responsible handling of the products.

- Customer complaints shall be resolved in the shortest time to their satisfaction.
- We shall treat all customers fairly and with respect
- We will work with our suppliers and other business-partners on the basis of mutual respect and trust and so far as practicable, require that they act in accordance with our values.

### Employees

At Nagarjuna there is no 'Human Resource Development' but only 'Human Potential Development' and there are 'no' employees, only 'associates' who are treated equally with dignity, respect, and fairness. Associates are not 'resources', but persons with 'potential' who are free to exhibit their capability and allowed to exploit their potential.

- We are an equal opportunity employer and committed to treat all employees and qualified applicants for employment openly, fairly and equitably with clear and fair terms of employment and remuneration.
- We shall attract and retain the best people and provide the appropriate training and development opportunities to help them reach their full potential
- We shall provide, and strive to maintain, a clean, healthy and safe working environment that is free from harassment.
- We encourage associates to develop and evolve themselves as successful managers to lead the society from the front and we also encourage entrepreneurship among them by providing adequate opportunities and training.
- We shall treat the family of the associates as an integral part of the company and render all support whenever required.
- We shall protect their personal information at all times.

### Communities

We strive to be a responsible corporate member of each and every community where we operate and support efforts of our employees to that end.

- We are committed to being an industry leader by conducting our activities responsibly to minimize any adverse impact of our operations on employees, the public at large and the environment.
- Through effective partnerships, we shall continue our initiatives on water and energy efficiency, education and environmental improvement within the community.

- We aim to create employment opportunities to the communities in which we operate and shall support and encourage our employees to help local community organizations and activities in our region
- We will not be part of a political party or take part in any political activity nor encourage any associate to do so. We will not support policies which are detrimental to the public at large.
- No employee shall directly or indirectly offer, promise to pay or authorize the payment of money or kind to Government officials, political parties or candidates or to an employee of a company with whom the company does business or is seeking to do business, for the purpose of influencing the acts or decisions of such persons or parties.
- Associates shall devote their full attention to the business interest of the company and should not engage in activities that are conflicting or interfere with their responsibilities towards the company or is advantageous to the company's competitors.
- Associates under no circumstances shall accept any money, gift, privilege or any other service or thing of value from the company's customers, vendors, consultants or any other transacting party.
- Associates must ensure that they do not conduct the company's business with a relative or with an entity in which a relative is associated or with an organization where they are directly or indirectly interested or where they shall derive a benefit from the transaction.
- Opportunities that are discovered through company's position and sources shall not be exploited or made use of, by the associates for their personal gain or advantage, unless such opportunity is fully disclosed to the Board of Directors of the company.
- We shall take our environmental responsibilities seriously and be aware of the impacts of our operations on the local communities.

### Compliance

Compliance with this policy will be continuously monitored and subject to review by the Company. Associates who notice a breach of this policy must report it to the Chairman immediately.

## ANNEXURE-IV

### Particulars of Contracts / Arrangement made with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 – Form AOC-2)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis -NIL
2. Details of material contracts or arrangement or transactions at arm's length basis - NIL

Hyderabad  
May 20, 2024

By Order of the Board  
**Uday Shankar Jha**  
Chairman

## ANNEXURE V

### Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

#### (A) CONSERVATION OF ENERGY:

As equipment replacements and major maintenance were not taken up due to financial stress the plant operations were restricted to lower throughput..

#### (B) TECHNOLOGY ABSORPTION:

##### B.1. Research and Development (R & D):

1) Specific areas in which R & D was carried out by the Company:

##### a) Production Facility at Kakinada:

There is no separate R & D department at the production facility at Kakinada. However, the Engineers engaged in Technical Services, Production, General Engineering and Maintenance Departments undertake activities which are aimed at improvements in the following areas:

- i. Energy Conservation.
  - ii. Capacity Enhancement.
  - iii. Environmental Protection.
  - iv. Process and Personnel Safety.
  - v. Enhancement of Plant Reliability.
  - vi. Rain Water Harvesting for Conserving Raw Water Intake.
  - vii. Exploration for Usage of Renewable Energy Sources like Solar, etc.
- b) Production facility at MI and PVC Plants
- (i) Production tools upgraded for increasing the production of 20 mm super line on line 2.
  - (ii) New raw material grade of LLDPE from IOCL introduced.
  - (iii) In house development of table cutter for PVC pipes. .
  - (iv) New servo motor indentified and suited for bobbin coiler.

##### 2) Benefits derived as a result of the above efforts:

##### a) Production Facility at Kakinada:

Both the plants were in operation throughout the year. As equipment replacements and major maintenance were not taken up due to financial stress the plant operations were restricted to lower throughput.

##### b) Production facility at MI and PVC Plants

- (i) The production capacity has increased from 4200 meters per hour to 5700 meters per hour.
- (ii) New grade of IOCL raw material identified thereby reducing R M inventory and procurement time by having multiple choices.
- (iii) Cutting operation is improved.
- (iv) Indigenization of imported parts.

##### Expansion / Developments:

- (i) More choice of raw material grades.

##### 3) Future Plan of Action:

##### a) Production Facility at Kakinada:

Based on financial position, Remaining life assessment, Reliability study and Energy reduction study to be taken up based on current plant condition and implemented.

##### b) Production facility at MI and PVC Plants

- I. Manufacturing HDPE and other fittings items in house.
- II. In house manufacture of SUPERLIN drippers.

##### B.2. Technology Absorption, Adaptation and Innovation:

1) Efforts, in brief, made towards technology absorption, adaptation and Innovation:

- a) Production Facility at Kakinada: NA
- b) Production facility at MI and PVC Plants
  - (i). Indigenization of import items.
  - (ii). In house development of table cutter.

2) Benefits derived as a result of the above efforts, example Product Improvement, Cost Reduction, Product Development Import Substitution etc.

- a) Production Facility at Kakinada: NA
- b) Production facility at MI and PVC Plants
  - (i) Higher productivity for 20 mm superline.
  - (ii) Better cutting quality of PVC pipes.

3) In case of import technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

- a) Production Facility at Kakinada:NA
- b) No technology imported in the last 5 years.

##### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plans: NIL

Foreign Exchange Outgo:	Rs. in lacs
i. Technical know-how (net of Tax)	-
ii. Interest	-
iii. Dividend (net of taxes)	-
a) Equity	-
b) Preference	-
iv. Others	-
Professional & Consultancy	-
Travel and Conveyance	-
Others	-
<b>Foreign Exchange earnings</b>	-





## ANNEXURE – VI:

### Form No. MR-3

#### Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
Nagarjuna Fertilizers and Chemicals Limited  
Nagarjuna Hills, Punjagutta, Hyderabad, Telangana – 500 082

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nagarjuna Fertilizers and Chemicals Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit; we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

S.No.	Particulars
1.	The Companies Act, 2013 (the Act) and the Rules made thereunder;
2.	The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3.	The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4.	Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5.	We have also examined compliance with the applicable clauses of the following: <ol style="list-style-type: none"> <li>Secretarial Standards issued by The Institute of Company Secretaries of India.</li> </ol>
6.	The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') <ol style="list-style-type: none"> <li>The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</li> <li>The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;</li> <li>The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;</li> <li>The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;</li> <li>The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;</li> </ol>

f. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

#### 1. Under the Companies Act, 2013

**A** That based on our examination and verification of the records produced to us and according to the information and explanations given to us by the Company that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 ("the Act") and the Rules made under the Act and Memorandum, and Articles of Association of the Company, inter alia with regard to :

- Maintenance of various statutory registers and documents and making necessary entries therein;
  - Closure of Register of Members / Debenture holders;
  - Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
  - Service of documents by the company on its members and Registrar of Companies.
  - Notices and minutes of the meetings of the committees of directors;
  - The meetings of Board of Directors held on 15th June, 2023, Adjourned 22nd June, 2023, 14th August, 2023, 09th October, 2023, 14th November, 2023 and 07th February, 2024 and various Meetings of the Committees of Directors held from time to time
  - The Annual General Meeting held on 15th September, 2023;
  - Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
  - Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;
  - Appointment and remuneration of Auditors
  - Constitution of the Board of Directors / Committee (s) of Directors, appointment, retirement and reappointment of Directors; except to the extent relating to appointment of one Independent Director for the intermittent period from April 01, 2023 to June 16, 2023; in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Board of Directors on June 17, 2023, and Members at their Annual General Meeting held on September 15, 2023, have approved the appointment of Mr. Sudhakar Kudva, as an Independent Director on the Board of the Company effective from June 17, 2023
- Consequent to the appointment of Mr. Sudhakar Kudva, as an Independent Director, the Company is in compliance with the requirement of Reg 17, except for the intermittent period from April 01, 2023 to June 16, 2023.
- The Directors have not recommended any dividend on the equity capital of the Company during the FY 2023-24.
- Transfer of Unpaid and Unclaimed dividend to the Investor Education and Protection Fund: Nil
  - Borrowings and registration, modification and satisfaction of charges wherever applicable;
  - Investment of the Company's funds including investments and loans to others;
  - Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II



and General Instructions for preparation of the same as prescribed in Schedule III to the Act;

- q. Directors' Report including the response by the Company for the Remarks of the Auditors vide their Audit Report for the FY 2022-23
  - r. Contracts, common seal, registered office and publication of name of the Company; and
- B.** Under the Companies Act, 2013, We further report that
- i. The Board of Directors of the Company is duly constituted with proper balance of, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act except as specified in the report.

Further we report that, as on 31st March, 2024 the Board of the company consists of 6 Directors. Of the Directors, 3 are Independent Directors, 1 Nominee Director, 1 Non-Executive Director and 1 Executive Director (including a women director as prescribed regulations under Companies Act and SEBI Regulations).

The Company was required to appoint one Independent Director on the Board in terms of Regulation 17 of SEBI (LODR) Regulations, 2015. The Board of Directors on June 17, 2023, and Members at their Annual General Meeting held on September 15, 2023, have approved the appointment Mr. Sudhakar Kudva, as an Independent Director on the Board of the Company effective from June 17, 2023.

- ii. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes if any.
- iv. There were no prosecution initiated or no other fines or penalties were imposed during the year under review under SCRA, Depositories Act, and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- v. The Directors have complied with the disclosure requirements in respect of their independence and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
- vi. Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench, vide order dated August 27, 2021, had initiated Corporate Insolvency Resolution Process (CIRP) under Section 9 of Insolvency and Bankruptcy Code, 2016 (IBC, 2016) in respect of a claim of M/s Key Trade AG, Switzerland, Operational Creditor.

However, Hon'ble National Company Law Appellate Tribunal (NCLAT), Chennai, had vide order dated September 14, 2021, granted stay on the implementation of the order dated August 27, 2021, passed by the Hon'ble NCLT, Hyderabad Bench.

The Hon'ble National Company Law Appellate Tribunal (NCLAT), Chennai, on October 05, 2023 (copy made

available on October 07, 2023), has allowed the appeal filed by Amlika Mercantile Private Limited, Core Promoter of Nagarjuna Fertilizers and Chemicals Limited by setting aside the impugned order dated August 27, 2021, passed by Hon'ble NCLT, Hyderabad Bench admitting the company into Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016.

Consequently, the company exited NCLT, under IBC, 2016, effective from October 05, 2023.

- vii. We have been given to understand that IDBI Bank Ltd on behalf of consortium of Lenders had issued a web notice dated November 15, 2022 and December 15, 2022, intending to Transfer the Stressed Loan Exposure of Nagarjuna Fertilizers & Chemicals Limited (NFCL) on all cash basis to eligible permitted entities in line with the regulatory guidelines and Bank's policy on Transfer of Stressed Loan Exposure subject to final approval by the Competent Authority of the Lead Bank & Consortium lenders.

The transfer is on 'as is where is and as is what is' and without recourse basis with Lenders not assuming any operational, legal or any other type of risks relating to the loan exposure.

Accordingly, the Company has received a mail correspondence on March 31, 2023, along with a letter of intimation dated March 31, 2023, that all the consortium lenders have assigned to Assets Care & Reconstruction Enterprise Ltd (ACRE) (as a Trustee of ACRE-112-Trust), vide Assignment Agreement dated March 29, 2023, entire fund based outstanding loans/financial assets along with all its rights, titles, interest, underlying securities and guarantees thereof under the relevant Financing Documents under section 5 of the SARFAESI Act, 2002.

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

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

The Board of Directors of NFCL at their Meeting held on August 14, 2023, and Members at their Annual General Meeting held on September 15, 2023, considered, approved the following:

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

available to the purchaser/ nominee on 19.7% equity to be exercised by the purchaser within one year for Rs 335 Crores with premium of 12% per Annum. This transaction is subject to terms and conditions precedents (including lenders approval and recognition and reimbursement of energy claims submitted by the company by DoFGol). It is agreed to distribute Urea produced from the transferred Urea Business in India by Nagarjuna Fertilizers and Chemicals Limited (NFCL) on commercially reasonable terms (as per govt regulations). An agreement to the effect would be entered into along with the slump sale agreements.

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

- viii. The company while continuing to work and is optimistic on fulfilling the critical CP's for the closure of the slump sale transaction, ACRE has taken symbolic possession of the scheduled assets of the company in its favour on October 12, 2023 and has issued a public notice for physical auction for sale of Movable and Immovable properties of the company under SARFAESI Act, 2002, vide email to the company dated January 17, 2024.

The company while continuing to work and is optimistic on fulfilling the critical CP's for the closure of the slump sale transaction has formally applied to ACRE (without any prejudice to the rights of NFCL regards to ongoing debt disputes). ACRE has communicated that Settlement Proposal submitted to ACRE by the Company is not binding and tentative on fulfillment on CPs and therefore is unable to consider and/or appraise the Settlement Proposal extended by the company at this point in time. In view of the above circumstances, while asking the company to continue and speed up closure of CPs for the approved Slump Sale transaction, the Board of Directors on December 24, 2023, without prejudice, considered and approved the company to engage and work with ACRE on a One Time Settlement 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.

We have been informed by the Management that Company has received email communication dated April 17, 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 line with the terms of the sale.

We were further informed that consequent to the issue of sale confirmation to the highest bidder by ACRE, in terms of the provisions of SARFAESI Act, 2002, read with rules made thereunder, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration in accordance with the terms of SARFAESI Act, 2002 and the rules.

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 shall take effect along with or after receipt of sale consideration from the sale of Core Assets under SARFAESI Act, 2002, by ACRE. The borrower/NFCL shall

be depositing the proceeds/advances it received from the sale into the lien marked Fixed Deposits as mandated by ACRE.

Assets Care and Reconstruction Enterprise Limited (ACRE) Secured Creditor, vide email dated May 31, 2024, has communicated to the Company that:

"In furtherance to the same, the bidder, AM Green Ammonia (India) Private Limited, now has made payment of balance 75% of the total bid amount of INR.1685 Crores and in terms of the provisions of SARFAESI Act read along with the Rules, ACRE has issued sale certificates in favor of the bidder AM Green Ammonia (India) Private Limited ("Bidder/Buyer") for all the secured assets forming part of the sale notice (Core Assets). The buyer on becoming the legal and rightful owner of the assets as listed and notified the developments that the assets as listed have been sold to be the buyer upon receipt of the entire sale consideration and requested to provide assistance in handing over the physical possession of the secured assets sold to the buyer."

2. **Under the Securities Contracts (Regulation) Act, 1956, We report that**

The Company has complied with the requirements of Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act.

3. **Under the Depositories Act, 1996, We report that**

The Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / re-materialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

4. **Under FEMA, 1999, We report that**

The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

5. **Under Reserve Bank of India Act, 1934, we report that:**

We have given to understand that the company does not require complying any of the provisions under the Reserve Bank of India Act, 1934.

6. **Under the SEBI Act, We report that**

- a. The Company has complied with the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except as mentioned in this report.
- b. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 with regard to disclosures and maintenance of records required under the Regulations and we note that there are no transactions falling under the purview of these regulations during the financial year under review.
- c. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with regard to disclosures and maintenance of records required under the Regulations.
- d. The Company is not required to comply with the provisions of the Securities and Exchange Board of India

(Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employees Stock Option Scheme, Grant of Options and related disclosures and other aspects as no such transaction had arisen in this respect during the year under review.

- e. The Company is not required to comply with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 as there was no issue and no allotment of convertible warrants on preferential basis to entities in the Promoters Group.
  - f. We further report that, the company has complied the Secretarial Standards issued by The Institute of Company Secretaries of India with regard to Meeting of the Board Meeting (SS-1) and General Meeting (SS-2)
  - g. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- 7. Responsibility for other information**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information,

including the standalone financial statements and the auditor's report thereon.

Our opinion does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our Secretarial Audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Secretarial Audit or the laws applicable to the Company or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The said other information is expected to be made available to us after the date of this audit report. When we read the other information, when furnished to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**For KBG Associates  
Company Secretaries**

Firm Regn No. P2009AP006100  
PRC : P2009AP6100/1103/2021

**Srikrishna Chintalapati**

Partner

CP No: 6262

UDIN : F005984F000960731

Date: 10-08-2024  
Place: Hyderabad

The Members,  
Nagarjuna Fertilizers and Chemicals Limited  
Nagarjuna Hills, Punjagutta, Hyderabad – 500 082, Telangana

**Our report for the even date to be read with the following Letter;**

S.No.	Particulars
1.	Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2.	We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3.	We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4.	Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5.	The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6.	The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7.	Pursuant to analysis made; we have been given to understand that the scope of the audit is restricted to a) Companies Act, 2013 b) SEBI Act, 1992 c) The Depositories Act, 1996 d) Foreign Exchange Management Act, 1999 e) Securities Contracts (Regulation) Act, 1956 f) Reserve Bank of India Act, 1934

For **KBG Associates**  
**Company Secretaries**

Firm Regn No. P2009AP006100  
PRC : P2009AP6100/1103/2021

**Srikrishna Chintalapati**

Partner

CP No: 6262

UDIN : F005984F000960731

Date: 10-08-2024  
Place: Hyderabad

## ANNEXURE – VII

### Nomination and Remuneration Policy

#### Introduction

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### Objective

##### The objectives for adopting the policy are:

- a) To ensure that the level and composition of remuneration payable to KMP and others is reasonable and sufficient to attract, retain and motivate persons to join the Board of Directors of the company so as to provide the company the required strategic direction.
- b) To clarify that remuneration is linked to performance and there exists appropriate benchmarks
- c) To ensure that the remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives synchronizing the same to the working of the company and its goals
- d) To lay down criteria for identifying persons to be qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration
- e) To carry out evaluation of Directors, Key Managerial Personnel and Senior Management
- f) To ensure that the remuneration is being paid across the organization based on prevailing trends in the industry to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Senior Management Personnel' for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.

#### Appointment of Directors, Key Managerial Personnel and Senior Management

- a) The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel and Senior Management.
- b) The Committee shall ascertain the qualifications, expertise and experience of the persons to be appointed as Directors, KMP and Senior Management and recommend their appointment to the Board of Directors.
- c) The decision of the Board of Directors based on the recommendation of the Committee shall be final
- d) The appointment including tenure of Directors and KMP shall be subject to the policy of the company, provisions of Companies Act, 2013, Listing Agreement and other relevant laws.
- e) The Committee shall evaluate their performance on a yearly basis and recommend their removal to the Board, if required.

#### Remuneration of Directors, KMP, Senior Management and other employees

- a) The remuneration payable to the Whole Time Directors shall be as per the provisions of the Companies Act, 2013 and other relevant provisions.
- b) The remuneration payable to KMP and Senior Management shall be approved by the Committee on case to case basis.
  - c) The increments to the existing remuneration structure
    - 1) In relation to Board of Directors based on the evaluation of performance
    - 2) In relation to KMP and Senior Management shall be approved by the Committee based on the recommendation of the Managing Director
    - 3) In relation to others shall be approved by the Managing Director based on the market conditions, performance of the company and other relevant factors from time to time.

#### Remuneration to Non-Executive and Independent Directors

The Non-Executive and Independent Directors of the company shall only be paid sitting fees (as determined by the Board from time to time) for attending Board/ Committee meetings apart from reimbursement of expenses incurred for attending the meetings.



**Common and Simplified Norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination**

The Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655, dated November 03, 2021, SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687, dated December 14, 2021, read with SEBI/HO/MIRSD/MIRSD\_RTAMB/PoD-1/P/CIR/2023/37, dated March 16, 2023, to enhance the ease of doing business for investors in the securities market, as prescribed Standardized, simplified and common norms for processing investor service requests.

Accordingly, Members are requested to promptly intimate / update PAN, KYC details i.e., name, postal address, e-mail-address, telephone/mobile numbers, mandates, nominations, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to Depository Participants if the shares are held in electronic form and to the Company's RTA if the shares are held in physical form in prescribed form.

The prescribed forms for updating PAN, KYC details and Nomination are as under:

Form ISR-1: Request for Registering PAN, KYC Details or Changes Updation thereof

Form ISR-2: Confirmation of Signature of securities holder by the Banker

Form ISR-3: Declaration Form for Opting-out of Nomination

Form SH-13: Nomination Form

Form SH-14: Cancellation or Variation of Nomination

The said form are available on the Company's website under Investor's Desk → In-House RTA/STA.

Further, in terms of the said circular the members holding shares in physical form are requested to submit valid PAN only i.e., PAN linked with Aadhaar number..The RTA shall revert the frozen folios to normal status upon a) receipt of valid PAN, KYC details and Nomination or b) dematerialization of all the securities in such folios.

To mitigate unintended challenges on account of freezing of folios, SEBI vide its Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023, has done away with the provision regarding freezing of folios not having PAN, KYC and Nomination details.

**Transfers/ Transmissions etc. of shares only in dematerialized form**

The SEBI vide its Notification dated June 8, 2018 notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 wherein it mandated that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. The shareholders are requested to take note of the same.

Further, in terms of SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8, dated January 25, 2022, listed companies shall henceforth issue the securities in dematerialized form only while processing the following service request.

- i. Issue of duplicate securities certificate;
- ii. Claim from Unclaimed Suspense Account;
- iii. Renewal / Exchange of securities certificate;
- iv. Endorsement;
- v. Sub-division / Splitting of securities certificate;
- vi. Consolidation of securities certificates/folios;
- vii. Transmission;
- viii. Transposition;

Accordingly, Members are requested to promptly convert physical shares to demat form compulsorily.

**Transfer of Dividends and Corresponding Shares to Investor Education Protection Fund**

The Company had paid dividend to the shareholders for the financial year 2011-12 on August 31, 2012. The period of seven-years as envisaged in the Companies Act and the rules made thereunder has expired during the month of September, 2019. The Company as required by law has sent notice of intimation of transfer of shares and dividends to the shareholders dated June 30, 2019, and published an advertisement in the newspapers as required by law requesting the shareholders to claim the unclaimed / unpaid dividend within the due date as mentioned in the notice.

The Company has transferred the unpaid / unclaimed dividend corresponding shares to Investor Education and Protection Fund during the month of October 2019.

Members / claimants whose shares, unclaimed dividend, etc. which have been transferred to the demat account of the IEPF-Authority, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee as decided by the IEPF-Authority from time to time. Member/ claimant can file only one consolidated claim in a financial year as per the IEPF Rules. Form IEPF- 5 is also available on the website of the Company at <http://www.nfcl.in/under the 'Investors' section>.

# CORPORATE GOVERNANCE REPORT

## A. Company's Philosophy

At Nagarjuna, we believe in the philosophy of 'Serving Society through Industry', with the Nagarjuna Culture being 'We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society'.

This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its interactions with stakeholders, customers, associates and community at large which has always propelled the Group towards newer horizons.

Owing to the changing business environment in which the Company today operates, your Company has drawn up a Vision.

To be global leaders in plant nutrition' with a Mission

'We shall pioneer transformation in plant nutrition, deliver wholesome plant nutrition solutions to the farmers and be the organization to be associated with'.

At Nagarjuna, we persistently strive to transform our business environment. We are committed to continuously evoke customer delight through constant review, monitoring and delivering proactive value-added solutions. We are also committed to provide satisfaction of all stakeholders in a balanced manner through sustainable growth and profitability. We also aim to create an environment where work becomes an enjoyable experience aligning individual goals with organizational goals, share knowledge and information, be proactive and responsible, pursue excellence and be committed, transforming the society. We aim to create an environment which enhances opportunities for all the good things, better health, education and overall quality of living that life has to offer.

At Nagarjuna, we believe that it is not the latest technology or management practice (as important as they are) that makes an organization successful as it ought to be. However, what makes it an enterprise worthy of emulation is that it shapes the environment in which it grows through active fostering of creativity, innovation, entrepreneurship and knowledge sharing.

We believe in the principles of trusteeship, fair play and transparency in all our dealings. We endeavor to have a work culture, which is performance driven and conducive to improving discipline, accountability, character, team spirit and honesty, personally and professionally.

We also believe that mutual care and concern among the employees and the organization acts as a guiding principle.

### Governance Philosophy

Your Company firmly believes that building a culture of compliance is more than meeting regulations and standards. Your Company is always proactive in meeting mandated standards and practicing Corporate Governance in spirit and not just the letter of the law.

Your Company's philosophy on Corporate Governance is based on following principles:

- a) Preserving core values and ethical business conduct.

- b) Commitment to maximizing shareholder value on a sustained basis.
- c) To enhance the efficacy of the Board and inculcate a culture of transparency, accountability and integrity across the Company.
- d) Perceiving and mitigating the various risks that impact the Company.
- e) Make timely and transparent disclosures.
- f) Legal and statutory compliances.

Your Company's ethos is self-regulatory system of prompt reporting, monitoring, certification and voluntary code of practice and standards improving management effectiveness, supervision and accountability to stakeholders.

### Corporate Ethics

As a responsible corporate the Company consciously follows corporate ethics in business and corporate interactions. The various Codes and Policies adopted by the Company that determine its functioning are:

- Code of Conduct and Ethics for Senior Management
- Code of Conduct for Prevention of Insider Trading
- Policy on Corporate Social Responsibility
- Policy on Corporate Governance
- Policy on Related Party Transactions
- Legal Compliance Policy
- Whistle Blower Policy
- Policy on Vendor Grievances
- Policy on Supply Chain
- Policy on Succession Planning
- Policy on Employee Participation in Management
- Policy on Conflict Management
- Policy on Training for Board of Directors
- Policy on Induction of Directors
- Board Charter
- Forex Risk Management Policy
- Policy on Corporate Sustainability
- Policy on Sexual Harassment at Workplace
- Policy on Board Evaluation
- Policy on Nomination and Remuneration
- Policy for determining Material Subsidiaries
- Policy for Preservation and Archival of Documents
- Policy on Disclosure of Material Events
- Policy on Bio-diversity
- Gift Policy
- Health Safety and Environment Policy
- Human Rights Policy
- Policy on Control of Stationary
- Policy for Preservation and Archival of Documents
- Policy on Dividend Distribution



The effective implementation of these codes / policies underpins the commitment to uphold highest principles of Corporate Governance consistent with the Company's goal to enhance stakeholder value. These codes / policies are briefly described in the report.

#### Date of Report

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2024. The Report is updated as on the date of the report wherever applicable.

## B. Board of Directors

### Role of Board Of Directors

The Board has its own charter which sets out the role, structure, responsibilities and operation of the Board. Nagarjuna Fertilizers and Chemicals Limited (hereinafter referred to as 'NFCL') is a professionally managed Company functioning under the overall supervision of the Board of Directors.

The primary role of the Board is that of trusteeship to protect the interest of Company, its stakeholders and enhance their value. As trustee, the Board ensures that the Company has clear goals and policies for achievement which are in alignment with the Vision and Mission of the Company.

The Board provides strategic direction, reviews corporate performance, authorizes and monitors strategic decisions, ensures regulatory compliances and safeguards interest of Stakeholders.

The Board is responsible for maintaining and nurturing high levels of Corporate Governance in the Company.

### Composition of Board Of Directors

The Board of Directors of the Company comprises of an optimum combination of Executive, Non-Executive and Independent Directors, including a women director in line with the provisions of the Companies Act, 2013 (hereinafter referred to as the Act) and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations).

The Board comprises a nominee from core Promoter Company – Amlika Mercantile Private Limited and nominee of co-promoter Company Krishak Bharathi Cooperative Limited.

The composition of the Board is as under:

Category	No. Of directors	% of total no. of Directors
Executive Directors	1	16.67
Non-Executive Directors	1	16.67
Nominee Directors	1	16.66
Independent Directors	3	50

### Skills/Expertise/Competencies available with the Board

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following skills / expertise / competencies have been identified by the Board of Directors in the context of the Company's business and sector for it to function effectively and those available with the Board of Directors and the names of directors who have such skills / expertise / competencies are as under:

- Industry Knowledge
- Strategic Planning and Implementation
- Finance, regulatory and Risk Management
- Leadership and Management
- Corporate Governance

Name of Director	Skills/expertise/competencies				
	In-dustry Knowl-edge	Strategic Planning and Im-plemen-tation	Finance, regulatory and Risk Manage-ment	Leader-ship and Manage-ment	Cor-porate Gover-nance
Mr. Uday Shankar Jha	✓	✓	✓	✓	✓
Mr. K Rahul Raju	✓	✓	✓	✓	✓
Mr. Chandra Pal Singh	✓	✓	✓	✓	✓
Mrs. Lalitha Raghuram	✓	✓	✓	✓	✓
Mr. Rajendra Gonela	✓	✓	✓	✓	✓
Mr. Sudha-kar Kudva	✓	✓	✓	✓	✓

### Directors Attendance and Directorship and Committee Memberships Held

None of the Directors of your Company are Directors on the Board of more than 20 companies or 7 listed companies or 10 Committees or act as Chairperson of more than 5 Committees, across all companies in which they are Directors.

The details of the Board and Annual General Meeting attendance, Membership in all the Committees of Board of the Company and Directorships and Committee positions held in other companies, for the year 2023-24 (updated as on the date of the report) are as under:

Director	DIN No	Attendance Particulars at			Committees of Board of NFCL	* No. of other Directorships, Committees member & Chairmanship (other than NFCL) in Public, Pvt., Sec.8 of Companies Act, 2013 etc.				
		Board Meetings		AGM held on September 15, 2023		Board			Board Committees &	
		Held	Attended			Chairman	Director	Name of Listed Company and Category of Directorship	Chairman	Member
INDEPENDENT										
Mrs. Lalitha Raghuram	07161344	6	5	Yes	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration</li> <li>Stakeholders Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Risk Management Committee</li> <li>Management Committee</li> </ul>	-	1	-	1	-
Mr. Sudhakar Kudva	02410695	6	5	NA	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>	-	1	• NACL Industries Limited	-	1
Mr. Rajendra Mohan Gonela	02354356	6	5	Yes	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration Committee</li> <li>Stakeholders Relationship Committee</li> </ul>	-	1	-	-	-
NON EXECUTIVE										
Mr. Chandra Pal Singh Yadav	00023382	6	3	Yes	Nil	-	6	-	-	-
Mr. Uday Shankar Jha	00056510	6	6	Yes	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination Remuneration Committee</li> <li>Management Committee</li> <li>Stakeholders Relationship Committee</li> <li>Risk Management Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Shares &amp; Debentures Committee</li> <li>Banking Committee</li> <li>Investment committee</li> </ul>	-	1	-	-	1
Mr. K. Rahul Raju	00015990	6	6	Yes	<ul style="list-style-type: none"> <li>Shares &amp; Debentures Committee</li> <li>Banking Committee</li> <li>Management Committee</li> <li>Risk Management Committee</li> <li>Investment Committee</li> <li>Corporate Social Responsibility Committee</li> </ul>	-	2	-	-	-

\* The Chairmanship and Membership of the Audit Committee and the Stakeholders' Relationship Committee alone is considered as per Regulation 26 of Listing Regulations

### Meetings of the Board

During the year under review the Board of Directors met five times on June 15, 2023, June 22, 2023 (Adjourned Meeting), August 14, 2023, October 09, 2023, November 14, 2023 and February 07, 2024.

### Relationships between Directors Inter-Se

There is no inter-se relationship with directors and KMP of the Company.

### Board Agenda and Minutes

As a system, Agenda, Notes on Agenda and information to Directors are generally circulated not less than seven days before the meeting of the Board of Directors. All material information is incorporated in the agenda papers for facilitating focused discussions at the meeting.

The Company is in compliance of Secretarial Standard on Meetings of Board of Directors and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India.

The Board of Directors meets at least once in every quarter to review the quarterly financial results and operations of the Company. Apart from this, Board Meetings are convened by giving appropriate notice to address specific needs and business requirements of the Company.

Matters of urgent nature are approved by the Board by passing resolutions through circulation.

The dates of the Board Meeting are decided well in advance and are communicated to the directors to enable them make it convenient to attend the meeting. The maximum time gap between any two consecutive meetings did not exceed 120 days.

The Company has a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and Committees of the Board. The Company presents a comprehensive Action Taken Report of the previous meeting to the Board of Directors at the ensuing Meeting of the Board of Directors.

### Information to The Board

The Board has complete access to all the information within the Company inter-alia the following information is regularly provided to the Board as part of the agenda papers.

- a) Monthly operations report and quarterly results of the Company.
- b) Annual operating plans, budgets, capital budgets, cash flow, updates and all variances.
- c) Contracts in which Directors are deemed to be interested.
- d) Materially important show-cause notices, demand, prosecutions or other legal notices.
- e) Materially relevant default in financial obligations to and by the Company.
- f) Significant labour problems and their proposed solutions and other significant developments.
- g) Compliance of any regulatory, statutory nature or listing requirements.
- h) Minutes of the meetings of the Board of Directors and Committees of the Board of Directors.

- i) Status of subsidiary companies.
- j) Minutes of meetings of the Board of Directors of subsidiary companies.
- k) Details of related party transactions.
- l) Quarterly compliance report in terms of SEBI (Listing Obligation and Disclosure Requirements) and any non-compliance.
- m) Report on risk assessment and minimization procedures.
- n) Information on recruitment and remuneration of senior managerial personnel below the Board level.
- o) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- p) Issues which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- q) Significant sale of investments, subsidiaries, assets, which are not in the normal course of business.
- r) Details of any joint ventures or collaboration agreements.
- s) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- t) Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement if material.

### Review of Legal Compliance Reports

The Board periodically reviews the compliance reports in respect of the various statutory enactments applicable to the Company.

### Appointment of the Directors

#### Continuation of the Appointment of Mr. Sudhakar Kudva as an Independent Director

Mr. Sudhakar Kudva (DIN: 02410695), was 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 up to June 16, 2028, by the Members at their 17th Annual General Meeting held on September 15, 2023.

Mr. Sudhakar Kudva, will attain the age of 75 years on December 06, 2025, during the term of Independent Directorship of the Company.

In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment / continuation of the appointment of Mr. Sudhakar Kudva, after the attainment of 75 years is subject to the approval of the Members by way of Special Resolution

Accordingly, the Board of Directors considering the experience and expertise and so as to utilize his services for the Company, have proposed to continue Mr. Sudhakar Kudva (DIN: 02410695), as an Independent Director of the Company, after attaining the age of 75 years till the completion of the term of Independent Directorship till June 16, 2028, in compliance with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Mr. Sudhakar Kudva, forms part of Notice of the Annual General Meeting.

#### **Non-Executive Director**

Mr. Uday Shankar Jha and Mr. Chandrapal Singh Yadav, Directors of the Company are liable to retire by rotation in compliance with the requirement of Section 152 of the Companies Act, 2013 and being eligible offers themselves for reappointment as Director.

Mr. Uday Shankar Jha, subject to the appointment as a Non-Executive Director at the ensuing Annual General Meeting, will attain the age of 75 years on June 16, 2025, during the term of his Non-Executive Directorship.

In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment / continuation of the appointment of Mr. Uday Shankar Jha, after the attainment of 75 years is subject to the approval of the Members by way of Special Resolution.

The Board of Directors considering the vast experience and expertise and so as to utilize his services for the Company, have proposed to appoint Mr. Uday Shankar Jha as a Non-Executive Director of the Company and continue the appointment as the Non-Executive Director of the Company, after attaining the age of 75 years in compliance with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Mr. Uday Shankar Jha and Mr. Chandrapal Singh Yadav, forms part of Notice of the Annual General Meeting.

#### **Independent Director**

Independent Directors play an important role in the governance processes of the Board. The appointment of Independent Director is done in a structure manner taking the requirement of skill sets and competence on the Board into consideration. The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. None of the Independent Directors serve as Independent Directors in more than seven listed companies, in line with the requirements of the Listing Regulations.

The Independent Director(s), have at the first meeting of the Board in which they participate as Director and thereafter at the first meeting of the Board in every financial year, confirmed that they meet the criteria of independence as provided under the Companies Act, 2013 and Listing Regulations.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are Independent of the Management.

#### **Details of Familiarization Programmes to Directors**

The company believes that a Board, which is well informed / familiarized with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations.

As a practice, a familiarization programme for all the directors, with respect to changes / developments in the domestic / global corporate and industry scenario including those pertaining

to statutes / legislations and economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions, is an ongoing process in the company.

While inducting Directors on the Board, formal letter of appointment is issued to the Directors, inter alia, explaining their role, function, duties, and responsibilities as Directors. The Memorandum and Articles of Association of the Company, copies of Annual Reports for the previous financial years, half year reports, organization structure, Company policies including Code of Conduct, Insider Trading Policy and Board Charter, Whistle Blower Policy etc. are also provided to the directors at the time of induction. The web link of familiarization programme is <http://nfcl.in/pdfs/Familiarization%20Prog.pdf>

#### **Remuneration of Directors**

The Company has adopted a Nomination and Remuneration Policy in compliance of Section 178 of the Act and Listing Regulation. The Policy acts as a guideline for determining, among other things, the qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

The Company has adopted a Policy on Board Evaluation in compliance with Act and the Regulation 19 of Listing Regulations. The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Directors on regular basis and to take necessary steps for improving the effectiveness of the Board. The Nomination and Remuneration Committee of the Board is responsible for the evaluation of the Board, Committee and Directors.

#### **Pecuniary Relationship or Transactions**

Non-Executive Directors / Independent Directors are committed to maintain a high level of Corporate Governance and as such they do not have any material pecuniary relationship or transactions with the Company except as stated in the Corporate Governance report.

#### **Remuneration Policy**

The Nomination and Remuneration Policy has been adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in compliance with Section 178 of the Act and Listing Regulations.

This Policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### **Remuneration to Non-Executive Directors / Independent Directors**

The Non-Executive Directors of the Company, whether Independent or Non-Independent, are paid sitting fees for attending the meetings of the Board of Directors/Committees of Board of Directors which is within the limits prescribed under the Companies Act, 2013 and the Company has not paid any other fee or compensation to the Non-Executive Directors. There were no pecuniary relationships or transactions between the Non-Executive Directors, their associates or relatives, and the Company during the Financial Year 2023-24.



The details of remuneration paid to Non-Executive / Independent Directors of the Company during 2023-24 as sitting fees for attending the Meetings of the Board of Directors or Committees of the Board of Directors are as under:

Name of the Director	Sitting Fees for attending meetings of the Board of Directors / Committees of Directors (in Rs.)
<b>INDEPENDENT</b>	
Mrs. Lalitha Raghuram	2,70,000
Rajendra Mohan Gonela	1,80,000
Sudhakar Kudva	1,05,000
<b>NOMINEE</b>	
Mr. Chandra Pal Singh Yadav	30,000
<b>NON-EXECUTIVE DIRECTOR</b>	
Mr. Uday Shankar Jha	3,45,000

#### Remuneration to Executive Directors

The Executive Directors remuneration is subject to compliance with Schedule V of the Companies Act, 2013 and other applicable provisions. The Board, on the recommendations of the Nomination and Remuneration Committee, considers the remuneration of the Executive Directors. The Board recommends the remuneration of Executive Directors, for approval of the shareholders, at the General Body Meeting or any such authority as may be required.

The remuneration paid is determined keeping in view the industry benchmark, the relative performance of the Company and on review of remuneration packages of CEO's of other organizations in the industry.

Apart from the above, the Executive Directors do not receive any other remuneration.

Perquisites include housing, medical reimbursement; leave travel concession, club fees, personal accident insurance, earned leave and car among others.

The Company has not entered into any contract with the managerial personnel and the notice period is governed by the rules of the Company and no severance fees is payable.

The Company does not have any stock option scheme for the managerial personnel.

The details of remuneration approved by the Members of the Company, for payment to Executive Directors, during 2023-24 are as under:

Directors Name	Salary per month	Commission	Perquisites
Mr. K. Rahul Raju	Rs.5,00,000/-	0.5% of the net profits of the Company limited to annual salary	Perquisites other than medical reimbursement are restricted to an amount equal to the annual salary.

#### Performance Evaluation of Directors and Criteria for Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its committees as well as performance of the Directors individually. The performance evaluation of the Board of Directors, its Committees and Individual Directors including Independent Directors has been carried out by the Board.

The Independent Directors of the Company had reviewed the performance of the Non-Independent Directors, the Board as a whole and the Chairman of the Company taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

#### Meetings of Independent Directors

The Companies Act, 2013 and Listing Regulations mandate that Independent Directors of the Company shall meet at least once every year without the presence of Executive Directors or management personnel. Such meetings enable Independent Directors to discuss matters pertaining to the Company's affairs and matters mentioned in Schedule IV to the Act.

The Independent Directors met on August 14, 2023 and August 31, 2024, and apart from other matters connected to the operations and strategy of the Company reviewed the performance of the Non-Independent Directors, the Chairman of the Company taking into account the views of the Executive Director and Non-Executive Directors and the Board as a whole and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

#### Related Party Transactions

The Board's Report contains information in this regard.

#### Responsibilities of The Directors

##### Responsibilities of the Board

The primary role of the Board is that of trusteeship to protect and enhance shareholder value. As a trustee, the Board ensures that the Company has clear goals and policies for achievement. The Board oversees the Company's strategic direction, makes strategic intervention, reviews corporate performance, authorizes and monitors strategic decision, ensures regulatory compliance and safeguards interests of stakeholders.

##### Responsibilities of the Chairman and Managing Director

The Board of Directors at their Meeting held on November 14, 2023, delegated powers to Mr. K. Rahul Raju, Managing Director to enable him to carry out the day-to-day operations of the Company. The powers encompass all areas such as finance, personnel, legal, general and miscellaneous powers.

##### Shares held by Executive and Non-Executive Directors

Mr. K. Rahul Raju, Managing Director does not hold any shares in the Company as on March 31, 2024.

None of the Non-Executive Directors hold shares in the Company as on March 31, 2024.

### Code of Conduct and Ethics

The Company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel. The Code was circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website [http://nfcl.in/pdfs/Code%20of%20Conduct%20and%20Ethics\\_2016.pdf](http://nfcl.in/pdfs/Code%20of%20Conduct%20and%20Ethics_2016.pdf).

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears as annexure to the Corporate Governance report.

### Training for the Board Members

As part of ongoing knowledge sharing, the Board of Directors are updated with relevant statutory amendments and landmark judicial pronouncements encompassing important laws such as Company Law, SEBI Law, Income Tax Law, among others at

meetings of the Board of Directors.

The Board of Directors met periodically with Senior Managerial Personnel and discusses areas of interest of the Company.

The Company, as a good governance practice, put in place a Policy on Training of Board of Directors.

### Committees Of The Board

The Board of Directors has constituted various committees with specific terms of reference to ensure timely and effective working of the Board of Directors and the Company in addition to comply with the provisions of the Companies Act, 2013, Rules framed hereunder, Listing Regulations and other applicable regulations, guidelines, circulars and notifications of the Securities and Exchange Board of India (SEBI). All decisions and recommendations of the Committees are placed before the Board of Directors. The Committees constituted by the Board are:

### AUDIT COMMITTEE

The Committee comprises of three Independent Directors, and one Non-Executive Director. The Company Secretary acts as secretary of the Audit Committee. The permanent invitees include Managing Director, Chief Financial Officer, and representatives of statutory auditors, internal auditors and such other executives of the Company.

The Chairman of the Audit Committee was present at the last Annual General Meeting. All the Members of the Committee possess adequate knowledge of finance and accounts. The scope of the activities of the Committee is in conformity with Regulation 18 of Listing Regulations read with Section 177(4) of the Companies Act, 2013.

The Composition of the Audit Committee and the dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Status	Category	Date of the Meetings and Attendance particulars				
			15.06.2023	22.06.2023	14.08.2023	14.11.2023	07.02.2024
Mr. Rajendra Mohan Gonela	Chairman	Independent	√	√	√	√	√
Mrs. Lalitha Raghuram	Member	Independent	X	√	√	√	√
Mr. Uday Shankar Jha	Member	Nonexecutive	√	√	√	√	√
Mr. Sudhakar Kudva <sup>1</sup>	Member	Independent	N.A.	√	√	√	√

<sup>1</sup>Inducted as a Member with effect from June 17, 2023.

The quorum for the Audit Committee is two Members or 1/3rd of the strength of the Audit Committee, whichever is higher with at least two Independent Directors present at the meeting.

### Terms of Reference

- a) Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment remuneration and terms of appointment of auditors of the Company.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
- iii. Major accounting entries involving estimates based on the exercise of judgement by management.
- iv. Significant adjustments made in the financial statements arising out of audit findings.
- v. Compliance with listing and other legal requirements relating to financial statements.
- vi. Disclosure of any related party transactions.
- vii. Qualifications in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- g) Review and monitor the auditor's independence and performance and effectiveness of audit process.



- h) Approval or any subsequent modification of transactions of the Company with related parties.
- i) Scrutiny of inter-corporate loans and investments.
- j) Valuation of undertakings or assets of the Company, wherever it is necessary.
- k) Evaluation of internal financial controls and risk management systems.
- l) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n) Discussion with internal auditors any significant findings and follow up thereon.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the Whistle Blower mechanism.
- s) To approve the appointment of CFO / Whole time Finance Director.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u) To consider and commend to the Board appointment of Cost Auditor of the Company.

#### REPORT OF THE AUDIT COMMITTEE OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2024

To the shareholders of Nagarjuna Fertilizers and Chemicals Limited:

- a. During the year under review, the Company's various departments, divisions spread all over India were audited by the In-house Internal Audit Department of the Company and the reports placed before the Audit Committee for consideration.
- b. The audits were carried out pursuant to an Audit Calendar prepared by the Internal Audit Department of the Company and approved by the Audit Committee at the beginning of the year.
- c. The Audit Committee noted the Audit Report, the view of the Audit and the management on the observations of the Internal Audit Department.
- d. The Audit Committee's suggestions from time to time were implemented by the Company during the year.
- e. The Internal Audit Department adopted a risk-based approach to the Internal Audit in accordance with the recommendations of the Institute of Chartered Accountants of India. This was in comparison to the earlier system of transaction mode of Audit.
- f. The Audit Committee sought clarifications from the Auditors, Cost Accountant and the Management of the Company, whenever required, in relation to the financial matters of the Company as per the scope and powers of the Audit Committee.
- g. The Audit Committee meetings were interactive.
- h. The Committee has recommended to the Board, the appointment of M/s. D V & Associates as Cost Accountant of the Company, for the financial year 2024-25.
- i. M/s. D V & Associates have confirmed that:
  - a. They are eligible to be appointed as Cost Auditor of the Company pursuant to Section 141 of the Companies Act, 2013.
  - b. They hold a valid certificate of practice.
  - c. They are not disqualified under any of the provisions of Section 148 of the Companies Act, 2013 and further stated that they are maintaining an arm's length relationship with the Company.

Hyderabad  
May 20, 2024

Sd/-  
**Rajendra Mohan Gonela**  
Chairman Audit Committee



## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three Directors.

The Composition of the Nomination and Remuneration Committee and the dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Status	Category	Date of the Meetings and Attendance particulars	
			15.06.2023	14.08.2023
Mrs. Lalitha Raghuram	Chairperson	Independent	X	√
Mr. Rajendra Mohana Gonela	Member	Independent	√	√
Mr. Uday Shankar Jha	Member	Non-Executive	√	√

The quorum for the meeting is two Members or 1/3 of the members whichever is greater including atleast one Independent Director in attendance.

### Terms of Reference:

- 1) Formulate and recommend to the Board a Remuneration Policy, relating to the remuneration for the directors, key managerial personnel and other employees and review/modify the same from time to time
- 2) Formulate criteria for determining qualifications, positive attributes and independence of a director and review/modify the same from time to time
- 3) Identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
- 4) Carry out evaluation of every director's performance.
- 5) Devising a policy on Board diversity.
- 6) To select, retain and terminate the services of any consultant who shall assist the Committee in discharging its functions.

### The performance evaluation of Independent Directors has been carried out based on the following criteria's:

- a) The independent Director is Independent from the entity,
- b) Director upholds ethical standards of integrity and probity,
- c) Director exercises objective independent judgment in the best interest of the company,
- d) Director has effectively assisted the Company is implementing best corporate governance practice and then monitors the same,
- e) Director helps in bringing independent judgment during board deliberations on strategy, performance, risk management etc.,
- f) Director keeps himself/herself well informed about the Company and external environment in which it operates,
- g) Director acts within his authority and assists in protecting the legitimate interest of the Company, shareholder and employees,
- h) Director maintains high level of confidentiality, and
- i) Director adheres to the applicable code of conduct for independent directors.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of three directors with two Independent Directors. The Chairperson of the Stakeholders Relationship Committee was present at the last Annual General Meeting.

The Composition of the Stakeholders Relationship Committee and the dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Status	Category	Date of the Meetings and Attendance particulars			
			15.06.2023	14.08.2023	14.11.2023	07.02.2024
Mrs. Lalitha Raghuram	Chairperson	Independent	X	√	√	√
Mr. Uday Shankar Jha	Member	Non-Executive	√	√	√	√
Mr. Rajendra Mohan Gonela	Member	Independent	√	√	√	√

The quorum for the meeting is two Members present in person.

### Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee are in accordance with the provisions of Companies Act, 2013 and the Listing Regulations. It discharges such other functions as may be delegated by the Board of Directors from time to time. The role of the Stakeholders Relationship Committee includes resolving the grievances of the security holders of the Company, issue of duplicate certificates for securities of the Company, deciding the dates of book closure/ record date in respect of shares and other securities issued by the Company, review of measures taken for effective exercise of voting rights by shareholders, review of the various measures and initiatives taken by the Company for reducing the quantum

of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company and approve, from time to time, issue of new share certificates and transfer/transmission of shares to Investor Education and Protection Fund Authority or any other statutory body or authority, as may be applicable, and all other matters allied or incidental thereto, in pursuance of the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. In order to provide quick service to investors and expedite the process of transfers, the Board of Directors had delegated sufficient powers to the Company's executives to deal with various matters including transfer of shares, transmission of shares, etc



**Name, Designation, and address of Compliance Officer**

Mr. Vijaya Bhasker M  
 Company Secretary and Compliance officer  
 Nagarjuna Fertilizers and Chemicals Limited  
 D. No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082  
 Telephone: 040-23358405  
 E-mail: secretarial@nfcl.in

**Shareholders’ complaints received and solved during the year:**

The company has 3,16,380 shareholders as on March 31, 2024. During the financial year 2023-24, the status of investor complaints were as follows:

No. of Investor complaints*			
Opening balance as on 01.04.2023	Received	Solved to the satisfaction of investors	Pending as on 31.03.2024
0	13	13	0

\* The Investor complaints as received from the Stock Exchanges / SEBI.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee comprises of three Directors. The Committee met once during the year.

The Composition of the Corporate Social Responsibility Committee and the dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Status	Category	Date of the Meetings and Attendance particulars
			14.08.2023
Mrs. Lalitha Raghuram	Chairperson	Independent	√
Mr. K Rahul Raju	Member	Executive	√
Mr. Uday Shankar Jha	Member	Non-Executive	√

The quorum for the meeting is two Members present in person.

**The terms of reference:**

The terms of reference of the Corporate Social Responsibility Committee are as prescribed under the Companies Act, 2013 and the Rules framed there under, and it discharges such other functions as may be delegated by the Board of Directors from time to time. The role of the Committee includes formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as specified in the Companies Act, 2013, recommending the amount of expenditure to be incurred on such activities and monitoring the CSR Policy of the Company from time to time. The Corporate Social Responsibility Committee also reviews periodically the progress of CSR projects / programs / activities undertaken by the Company.

**RISK MANAGEMENT COMMITTEE**

Business Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks as also to identify business opportunities.

The Composition of the Risk Management Committee is in compliance with Regulation 21 of Listing Regulations.

The Composition of the Risk Management Committee and the dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Status	Category	Date of the Meetings and Attendance particulars	
			15.06.2023	07.02.2024
Mr. K Rahul Raju	Member	Executive	√	√
Mr. Uday Shankar Jha	Member	Non-Executive	√	√
Mrs. Lalitha Raghuram	Member	Independent	X	√

The quorum for the meeting shall be either two Members or one third of the members of the Committee whichever is higher including at least one member of the Board of Directors in attendance.

**The terms of reference of the Committee are as follows:**

1. To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company.
2. To formulate a detailed risk management policy which shall include
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
3. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

**SHARES AND DEBENTURES COMMITTEE**

The Shares and Debentures Committee comprises of:

Name of member	Status
Mr. Uday Shankar Jha	Chairman
Mr. K. Rahul Raju	Member

The Committee has not met during the year 2023-24 and considered the matters through circulation.

The quorum is two Members present in person.

**Terms of reference:**

Allotment of shares, debentures, securities, accept calls in advance and/or share capital not called up, approve/reject or otherwise deal with applications for transfer, transmission, transposition, mutation of shares and debentures, issue share and debenture certificates including duplicate, split, sub-divide or consolidated certificates and to deal with all related matters.

**MANAGEMENT COMMITTEE**

The Management Committee of Directors met four times during 2023-24.

The Composition of the Management Committee and the dates on which meetings were held and the attendance particulars are as under:

Name of the Member	Status	Date of the Meetings and Attendance particulars			
		15.06.2023	14.08.2023	14.11.2023	07.02.2024
Mr. Uday Shankar Jha	Chairman	√	√	√	√
Mr. K. Rahul Raju	Member	√	√	√	√
Ms.Lalitha Raghuram	Member	X	√	√	√

The quorum is two Members present in person.

**Terms of reference:**

1. To review the operations of the Company from time to time and also formulate and review corporate objectives and strategies including long range plans for expansion / diversification of the Company's activities.
2. To formulate annual budgets/business plans for the Company.
3. To approve capital expenditure other than proposals for expansion, diversification, modernization and de-bottlenecking, including Research Projects and R&D division and investment in immovable property, above Rs.5 crore up to Rs.10 crore per proposal, excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
4. To approve revenue expenditure above Rs.5 crore up to Rs.10 crore in case of procurements on a single tender basis or above Rs.10 crore up to Rs.15 crore on multi-tender basis excluding the authority already delegated to Managing Director or Internal Management, as the case may be, as per Delegation of Authority.
5. To make donations/contributions to charitable and other funds other than to any political party or for political purposes up to an aggregate amount of Rs.10 lakh in any financial year.
6. To lay down and review from time to time the Company's employment policy.



## BANKING COMMITTEE

The committee has not met during the year under review 2023-24.

The Banking Committee comprises of

Name of the Member	Status
Mr. Uday Shankar Jha	Chairman
Mr. K Rahul Raju	Member

The quorum is two Members present in person.

### Terms of reference:

Availment of fund-based and non-fund-based credit facilities by the Company from Financial Institutions and Banks as per the limits delegated by the Board of Directors of the Company.

## INVESTMENT COMMITTEE

The committee has not met during the year under review 2023-24.

The Investment Committee comprises:

Name of the Member	Status
Mr. Uday Shankar Jha	Chairman
Mr. K Rahul Raju	Member

The quorum is two Members present in person.

### Terms of reference:

- Investment of surplus funds in units, discounting of LC backed bills, clean bill discounting, inter-corporate deposits and investment in shares.
- To disinvest or pledge the securities such as shares, debentures, government bonds, among others, held by the Company in its name from time to time and do all such acts, deeds and things that are necessary in this regard.

## RISK ASSESSMENT AND MINIMISATION PROCEDURE

The Company formulated an Enterprise Risk Management System to manage and mitigate unforeseen risks. The implementation of this system is through the Risk Management Steering Committee. The Committee is supported at the plant by the Plant Risk Management Committee and at the corporate office by Corporate Risk Management Committee.

The Committee at an early stage identifies, manages and responds to critical, cautionary and manageable risks in a systematic manner. To actively involve and inculcate the risk man-

agement right down the organization, 'Risk Owners and Risk Champions' were appointed for each department. Board members periodically review existing/new risks and action plans formulated to mitigate the risks.

## SUBSIDIARY COMPANIES

The Company does not have any material subsidiary as defined in the Listing Regulations. The Company's policy on material subsidiary is placed on the Company's website and can be accessed through web link <http://nfcl.in/pdfs/Policy%20on%20Material%20subsidiary.pdf>

The Financial Statements and Minutes of Meeting of Board of Directors of Subsidiary Company are tabled at the Meetings of the Audit Committee and Board of Directors of the Company.

## PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated the Code of Conduct to Regulate, Monitor and Report Trading by Insiders which allows the formulation of a trading plan subject to certain conditions and requires preclearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares, by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period(s) when the Trading Window to deal in the Company's shares is closed. The Company Secretary is responsible for implementation of the Code. The Board of Directors, designated employees and connected persons have affirmed compliance with the Code.

The code can be accessed through web link: [http://nfcl.in/corporate-governance/Code\\_of\\_conduct\\_for\\_prohibition\\_of\\_Insider\\_Trading\\_N.pdf](http://nfcl.in/corporate-governance/Code_of_conduct_for_prohibition_of_Insider_Trading_N.pdf)

## CODE OF CONDUCT AND ETHICS

The Company adopted the Code of Conduct and Ethics for Directors and Senior Management Personnel which forms the basis of its ethics and compliance program. The Code was circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website [http://www.nfcl.in/pdfs/Code%20of%20Conduct%20and%20Ethics\\_2016.pdf](http://www.nfcl.in/pdfs/Code%20of%20Conduct%20and%20Ethics_2016.pdf)

The Board of Directors and Senior Managerial Personnel have affirmed their compliance with the Code and a declaration to this effect signed by Managing Director and Company Secretary appears as annexure to the Corporate Governance Report.

## C. MANAGEMENT

The Particulars of Senior Management for the FY 2023-24:

S. No.	Employee Name	Designation	Department
1	Ramesh Madhav Deshpande	Sr. ED & Head-Operations	O/O Sr. Exe. Director & Head Operations
2	R Raghavan	ED - Manufacturing	O/O Sr. Exe. Director & Head Operations
3	A Nasara Reddy	ED - Sales & Marketing	DSB
4	Gollapudi Sai Srinivasa Rao	Sr. Vice President - Legal	Legal
5	Annam Sudhakara Rao	Chief Financial Officer	Finance
6	Vijaya Bhasker M	Company Secretary	Secretarial
7	B Vinod Kumar	Chief Internal Auditor	Internal Audit
8	Rajesh Kumar Natarajan	Consultant - IT	Information Technology
9	C Satyanarayana Murthy	Sr. Manager - Designs	Design Team
10	A V S Subhash Babu	Executive Assistant	O/O MD
11	Sankara Rao Reesu	Head - HPD	HPD

The management identifies, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operation. The Company developed and implemented policies, procedures and practices that attempt to translate the Company's core purpose and mission into a reality.

All these policies, procedures and practices are elaborated hereunder:

**1) Policy on Corporate Governance**

The Company always makes conscious efforts to inculcate best global Corporate Governance practices and goes beyond adherence to regulatory framework. The Company towards its commitment to trusteeship, transparency, accountability and equality in all its dealings and to maintain positive bonding has put in place a 'Policy of Corporate Governance'.

**2) Policy on Corporate Social Responsibility (CSR)**

The Company's dedicated philosophy of Serving Society through Industry is envisaged through the above policy. At Nagarjuna, CSR is an initiative to create new value to economic, environmental and social issues and is intended to identify your Company with the society to establish rapport, increase competitiveness, and achieve sustainable growth, for better social development.

**3) Policy on Vendor's Grievances**

To ensure consistent smooth and timely supply of quality material and services at economically viable and competitive prices from various vendors, without any grievances, the Policy on Vendors' Grievances is adopted.

**4) Policy on Supply Chain**

Your Company, being the largest manufacturer and marketer of agri inputs in South India, introduced a 'Policy on Supply Chain', to ensure quality products are delivered on time to end customers through a network of suppliers.

**5) Prohibition of Insider Trading**

The Company had implemented a Policy prohibiting Insider Trading in conformity with regulations of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and now is aligned the Insider Trading to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Necessary procedures have been laid for insiders identified from time to time, prohibiting trading in the securities of the Company, based on unpublished price sensitive information.

**6) Policy on Succession Planning**

Your Company has put in place a policy on succession planning, which is an ongoing process that identifies necessary competencies, and then works to assess, develop, and retain a talent pool of associates, in order to ensure a continuity of leadership for all critical positions.

**7) Policy on Employee Participation in Management (EPM)**

Your Company framed a mechanism where the associates have an involvement and ownership in the decision making process of the organization. The purpose of EPM is to increase production and productivity, evaluate costs, develop personnel, expand markets and risk management.

**8) Whistle Blower Policy / Vigil Mechanism**

The Company formulated a policy in compliance with Regulation 22 of Listing Regulations and Section 177(9) of the Companies Act, 2013. The Policy aims to prohibit managerial personnel from taking adverse personnel action against employees disclosing in good faith, alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, and misappropriation of public funds, among others.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee.

No personnel of the Company were denied access to the Audit Committee.

**9) Legal Compliance Policy**

The Company has a Legal Compliance Policy for duly complying with central, state and local laws and regulations to achieve and maintain high business standards and benchmark the internal legal practices against international standards.

**10) Policy on Conflict Management**

The Company adopted a Policy on Conflict Management, which aims to resolve conflicts, at the lowest possible level, using procedures that address and respect the needs, interest and rights of associates in a fair and efficient manner. This is attained through the use of both, formal and informal conflict management processes. These tools are effectively coordinated through the Conflict Management System (CMS).

**11) Policy on Training for Board of Directors**

At Nagarjuna, we strongly believe in continuous learning. The policy ensures that the Board of Directors, being at the highest level in the organisation structure, too require training and development, to update themselves and provide best services to the Company. The training requirements of Directors vary in view of their nature of nomination on the Board and their training needs are structured accordingly.

**12) Policy on Induction of Directors**

The policy places the responsibility on the Chairman of the Board to ensure that all new Board members are briefed and have access to all aspects of the Company's operations. The new Directors are briefed on several matters like, duties and powers of Directors, special duties or arrangements attaching to the position, requirement to disclose Directors interest, confidentiality and right to access Company information, among others. Additionally, new Directors are provided with other information like the Company's constitution, policies, organization structure and other relevant information.

**13) Board Charter**

This Charter sets out the role, structure, responsibilities and operations of the Board of the Company and its delegation of authority to the management.

The Charter sets out the role of the Board as a Trustee of the stakeholders and the Company, who provides strategic direction, review corporate performance, authorize and monitor strategic decisions, ensure regulatory compliances and safeguard their interest.



#### 14) Forex Risk Management Policy

The Company constituted a Forex Risk Committee to achieve the specific objectives of managing treasury risks within the Company's strategic approach towards business and risk management.

The Company has drawn up a Forex Risk Management Policy with the objectives of forex risk management, the risk management organization structure, the benchmarks to measure performance, operational processes to identify, measure, monitor and manage forex risks, appropriate control parameters and MIS. The minutes of the Forex Risk Committee are reviewed by the Board of Directors at every Board meeting.

#### 15) Policy on Corporate Sustainability

At Nagarjuna, the environmental and community responsibility extends beyond the narrow confines of compliance with statutorily-stipulated standards and aims to maintain long term harmony.

#### 16) Policy on Sexual Harassment at workplace

Policy on Sexual harassment at the work place has been framed to be in line with The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act 2013 and The Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Rules 2013.

Any form of sexual harassment is unacceptable and therefore this policy is being framed to prohibit, prevent or deter the commission of acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment.

#### 17) Policy on Related Party Transactions

The Company has formulated a Policy on Materiality of Related Party Transactions In compliance with Regulation 23 of Listing Regulations. The Company to the extent possible does ensure that there are no related party transactions and if entered into due to exigencies and in the event entered into shall enter into the transaction as if entered into between unrelated parties.

The Company has formulated a Policy for Related Party Transactions and can be accessed at [http://nfcl.in/pdfs/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://nfcl.in/pdfs/Policy_on_Related_Party_Transactions.pdf)

No Related Party Transaction is entered into by the Company, except in accordance with the provisions of this Policy.

#### 18) Policy on Board Evaluation

The purpose of the policy is to assess the effectiveness of the Board as a whole, Committees of Board and Individual Directors (Independent and Non-Independent) on regular basis and to take necessary steps for improving the effectiveness of the Directors involvement in decision making in the Board.

#### 19) Policy on Nomination and Remuneration

This policy acts as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees

#### 20) Policy for determining Material Subsidiaries

The Policy for determining Material Subsidiaries pursuant to Regulation 16 (c) of Chapter IV of Listing Regulations, determines the criteria for classifying a subsidiary as 'Material' in accordance with the provisions of this Policy.

The Company has formulated a Policy for determining Material Subsidiaries and can be accessed at

<http://nfcl.in/pdfs/Policy%20on%20Material%20subsidiary.pdf>

#### 21) Policy for preservation and archival of documents

The Policy sets out the standard for classifying, managing and storing of records of the Company and establishes a framework for effective record management and the process for subsequent archival of such records.

#### 22) Policy on Control of Stationary

The Policy sets out control on stationery used by Share Transfer Agent (STA) including but not limited to blank certificates, dividend / interest / redemption warrants and to periodically verify the stationary by physical verification in a transparent manner as required by Securities and Exchange Board of India (SEBI).

#### 23) Policy on Disclosure of Material Events

The Policy is drawn in accordance with Regulation 30 of Listing Regulations which states that every Company listed on the Stock Exchange shall make disclosures of any events or information which, in the opinion of the Board of Directors of the listed Company, is material.

#### 24) Policy on Bio-diversity

Protecting and enhancing biodiversity which is an integral part of the Company's commitment to sustainable development.

#### 25) Gift Policy

The purpose of this Policy is to inform one and all of the Company's philosophy on acceptance by associates and giving of gifts to others.

#### 26) HSE Policy

To lay down a policy in relation to Health, Safety and Environment.

#### 27) Human Rights Policy

The purpose of this policy is to ensure protecting human life and promoting social well-being.

#### 28) Policy on Dividend Distribution

The policy sets out the parameters and circumstances that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company.

The policy on dividend distribution appears on the website of the Company under [http://nfcl.in/pdfs/Dividend\\_Distribution\\_Policy.pdf](http://nfcl.in/pdfs/Dividend_Distribution_Policy.pdf)



## MANAGEMENT DISCUSSION AND ANALYSIS

The Annual Report has a detailed annexure on Management Discussion and Analysis.

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

The Company, in compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has prepared the Business Responsibility and Sustainability Report (BRSR) for the year ended March 31, 2024.

The BRSR can be accessed on the Company's website at \_\_\_\_\_

### MANAGEMENT DISCLOSURES

Directors and Senior Management Personnel of the Company, as well as certain identified key associates, in compliance with Regulation 26 of Listing Regulations, make annual disclosures to the Board relating to all material, financial and commercial transactions where they have interest, conflicting with the interest of the Company. The interested Directors do not participate in the discussion nor do they vote on such matters when the matter is considered by the Board of Directors.

### D. STAKEHOLDERS INFORMATION

#### DISSEMINATION OF INFORMATION

The Company established systems and procedures to disseminate relevant information to its stakeholders including shareholders, auditors, suppliers, customers, employees and financiers. The primary source of information regarding the operations of the Company, including the quarterly results, can be viewed on the Company's website [www.nfcl.in](http://www.nfcl.in)

The quarterly and annual results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and published in widely circulated English newspaper and in vernacular newspaper.

#### Green Initiative:

As a responsible corporate citizen, the Company accepts and supports the "Green Initiative" undertaken by the Ministry of Corporate Affairs, enabling delivery of documents including Annual Reports through electronic mode to shareholders at their e-mail address registered with the Depository Participants / Company.

The Company has proactively requested the shareholders to inform their email IDs. As an investor-friendly measure, the unaudited quarterly financial results and audited financial results for the year ended March 31, 2024, of the Company were emailed in addition to being published in newspapers.

The Company uses this channel of communication extensively to carry out substantial correspondence with the shareholders to reduce costs while maintaining reach to the shareholders. Shareholders, who have not yet registered their email IDs, may immediately do so at [investors@nfcl.in](mailto:investors@nfcl.in).

#### Investor Grievance Redressal

The company has 316380 shareholders as on March 31, 2024. The Company during April 1, 2023 to March 31, 2024 received and attended/resolved 1351 letters from the investors and dematerialized/rematerialized 1239 requests for dematerialization/rematerialization of shares.

The table below lists the details of shareholder's or depositor's queries/ complaints/requests received and resolved during

2023-24.

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	0	0	0
Revalidation of dividend warrants	0	0	0	0
Share transfers	0	0	0	0
Demat / Remat of Shares	0	1239	1239	0
Issue of duplicate certificates	0	42	42	0
Transmission of shares *	0	70	70	0
General queries	0	1351	1351	0

### SHARE TRANSFER SYSTEM

The Company's transfer of shares is fully computerized. Applications for transfer of shares held in physical form are received at the office of the Company's In-house RTA. All valid transfers/transmissions are processed and registered within 15 days from the date of receipt.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars & Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

The Company obtains certificate from a practicing Company Secretary in terms of Regulation 40(9) of the Listing Regulations certifying that all the certificates have been issued within 30 days of the date of lodgment for transfer, and thereafter submit the same to the stock exchanges

### Transfer of unpaid and unclaimed amounts to Investor Education and Protection Fund (IEPF)

The Company in terms of provisions of Companies Act, 2013 and Investor Education and Protection Fund, Rules, 2016, had transferred dividend which remained unpaid and unclaimed for a period of 7 years along with their corresponding shares to IEPF.

The Members / claimants whose shares, unclaimed dividend, etc. which have been transferred to the demat account of the IEPF Authority, may apply for refund or claim the shares respectively by making an application to the IEPF Authority in Form IEPF- 5.



Name, designation, and address of Nodal Officer  
 Mr. Vijaya Bhasker M  
 Company Secretary and Compliance officer  
 Nagarjuna Fertilizers and Chemicals Limited  
 D. No. 8-2-248, Nagarjuna Hills, Punjagutta,  
 Hyderabad – 500082  
 Telephone: 040-2335 8405  
 E-mail: secretarial@nfcl.in

**Remote E-voting and E-voting during the AGM**

In terms of the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and General circulars, the Company is providing remote e-voting facility and e-voting facility during the 18th AGM to enable members to cast their vote electronically on all the resolutions set forth in the Notice to the 18th Annual General Meeting to be held on Monday, September 30, 2024, at 10.00 AM. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide remote e-voting platform to the Members.

Shareholders holding shares in dematerialized form and shareholders who have registered their email addresses with the Company shall receive the remote e-voting instructions by email.

Remote e-voting facility will be available on the website www.evotingindia.com from Friday, September 27, 2024, at 09.00 A.M and ends on Sunday, September 29, 2024, at 5.00 P.M, after which the facility will be disabled by CDSL and remote e-voting shall not be allowed beyond the said date and time. The notice is also available on the website www.evotingindia.com.

The voting right of shareholders shall be in proportion to the amount paid up on the total number of shares held by the respective shareholder with the total share capital issued by the company as on the cut-off date i.e. September 23, 2023.

**Dematerialization of shares and liquidity**

The shares of the company are under the category of compulsory delivery in dematerialized mode by all categories of investors.

The company signed agreements with both the depositories, National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2024, 96.68 % of the shares of the company are held in electronic mode.

The status of the company's equity shares is furnished below:

Total No. of equity shares	59,80,65,003
Total No. of shareholders as on March 31, 2024	3,16,380

The table below shows the status of the equity shares of the company as on March 31, 2024:

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Shareholders	% to Total Shareholders
Physical form	1,98,53,781	3.32%	85,344	26.98%
Held in electronic mode	57,82,11,222	96.68%	2,31,036	73.02%
<b>Total</b>	<b>59,80,65,003</b>	<b>100.00%</b>	<b>3,16,380</b>	<b>100.00%</b>

The company's ISIN No. for dematerialization for both NSDL and CDSL is INE454M01024

**RECONCILIATION OF SHARE CAPITAL AUDIT**

In terms of Regulation 76 (1) (1) of SEBI (Depositories and Participants) Regulations, 2018 a Practicing Company Secretary of the Institute of Company Secretaries of India, has carried out the Reconciliation of Share Capital Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Certificate from the Practicing Company Secretary for the same is submitted to the Stock Exchanges and is also placed before the Board of Directors.

S.No.	Share holders Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
<b>Core Promoter</b>								
1	Amlika Mercantile Private Limited	296072140	49.51	49.51	296072140	49.51	49.51	0.00
<b>Co- Promoter</b>								
1	Governor of Andhra Pradesh	21427989	3.58	-	21427989	3.58	-	0.00
2	KRIBHCO	11000000	1.84	-	10162726	1.69	-	0.14
3	Fireseed Limited	8800000	1.47	-	8800000	1.47	-	0.00
4	Saipem SPA	4400000	0.74	-	4400000	0.74	-	0.00
5	TOTAL	341700129	57.13	49.51	340862855	56.99	49.51	0.14

## DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2024

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	311162	98.35	115121803	19.25
5001 – 10000	2909	0.92	22078377	3.69
10001 – 20000	1243	0.39	18045461	3.02
20001 – 30000	410	0.13	10212105	1.71
30001 – 40000	163	0.05	5730377	0.96
40001 – 50000	141	0.04	6717531	1.12
50001 – 100000	231	0.07	17567908	2.94
100001 and Above	121	0.04	402591441	67.32
<b>TOTAL</b>	<b>316380</b>	<b>100</b>	<b>598065003</b>	<b>100</b>

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2024

	Category	No. of shares held	% of shareholding
A.	Promoter's holding	340862855	56.99%
B.	Non-promoters holding		
	I. Institutional investors		
	a. Mutual funds and UTI	4730	0.00%
	b. Banks, financial institutions, insurance companies (Central/state government institutions/non-government institutions)	16238	0.00%
	c. Foreign Institutional Investors/FPI/QIB	1414954	0.24%
	II. Others		
	a. Private corporate bodies	14136118	2.36%
	b. Indian public	204608000	34.21%
	c. NRIs/OCBs	5415279	0.91%
	d. Any other (please specify) trusts	113563	0.02%
	e. Foreign National	3272	0.00%
	f. HUF	7211926	1.21%
	g. IEPF	24278068	4.06%
	<b>GRAND TOTAL</b>	<b>598065003</b>	<b>100.00%</b>

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2024

S. No.	Name of the Company	%
	<b>Core Promoters</b>	
1	Amlika Mercantile Private Limited	49.51%
	<b>Co-Promoters</b>	
1	Governor of Andhra Pradesh	3.58%
2	KRIBHCO	1.69%
3	Fireseed Limited	1.47%

## LIST OF PROMOTER COMPANIES OF THE COMPANY

### Core Promoters

1. Amlika Mercantile Private Limited

### Co-Promoters

1. Fireseed Limited
2. Government of Andhra Pradesh
3. Krishak Bharati Co-operative Limited
4. Saipem S.p.A. (formerly Snamprogetti S.p.A)

## DETAILS OF GENERAL MEETINGS

The 17th Annual General Meeting of the Company was held at the Registered Office of the Company at D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082, through Video Conferencing / Other Audio Visual Means.

The 16th Annual General Meeting of the Company was held at the Registered Office of the Company at D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082, through Video Conferencing / Other Audio Visual Means.

The 15th Annual General Meeting of the Company was held at the Registered Office of the Company at D.No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082, through Video Conferencing / Other Audio Visual Means.

The details of approvals accorded by Special Resolution by shareholders at the last three Annual General Meetings are as under:

No of AGM & F.Y	Date & Time	Special Resolutions passed
17th AGM 2022-23	September 15, 2023 at 10.00 A.M	<ul style="list-style-type: none"> <li>• Appointment of Mr. Sudhakar Kudva as an Independent Director for a term of five years.</li> <li>• Reappointment of Mr. K Rahul Raju as a Managing Director for a term of three years subject to compliance with the requirements of Companies Act, 2013.</li> <li>• 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.</li> <li>• Debt resolution and Funding.</li> </ul>

16th AGM 2021-22	November 29, 2022 at 10.00 A.M	Nil
15th AGM 2020-21	September 27, 2021 at 10.00 A.M	Nil

The details of approvals accorded by Special Resolution by shareholders at the last three Extraordinary General Meetings are as under:

Date	Time	Transactions / Business approved by Special Resolutions
September 12, 2011	9.00 AM	<ul style="list-style-type: none"> <li>Alteration of Articles of Association as per Section 31 of the Companies Act, 1956.</li> <li>Contribution of sum not exceeding Rs.1 crore per year to Nagarjuna Oil Refinery Limited (NORL) pursuant to Clause 29 of the Composite Scheme of Arrangement and Amalgamation and in accordance with Section 372A of the Companies Act, 1956</li> </ul>
August 19, 2011	9.00 AM	<ul style="list-style-type: none"> <li>Change of Name of the Company from Kakinada Fertilizers Limited to Nagarjuna Fertilizers and Chemicals Limited as per Section 21 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> <li>Alteration of Articles of Association of the Company pursuant to the provisions of Section 31 of the Companies Act, 1956 and Orders of the High Court of Andhra Pradesh and High Court of Mumbai</li> </ul>
February 25, 2011	2.30 PM	<ul style="list-style-type: none"> <li>Cancellation of existing capital of Rs.5 Lakhs of the Company pursuant to Section 100 to 103 subject to sanction of Composite Scheme</li> <li>Approval of the Company to borrow any sum of money as per section 293(1)(d) of the Companies Act, 1956.</li> <li>Approval to create mortgage and/or charge as per Section 293(1)(a) of the Companies Act, 1956.</li> </ul>

#### DETAILS OF PUBLIC FUNDING IN THE LAST THREE YEARS

The Company has not raised any funds from the public. There are no GDRs / ADRs / Warrants or any convertible instruments as at the end of March 31, 2024.

#### Commodity Price Risk/ Foreign Exchange Risk and hedging activities:

The commodity price risk of the Company may arise mainly out of imported fertilizers due to fluctuation of prices in the international market. The Company controls such risk through dynamic sourcing strategy and supply plan including constant review of market conditions and costing of competitors. In addition to the above, the prices of natural gas are subject to fluctuation on account of change in prices of crude oil and demand-supply factors. The Company is not affected by price volatility of natural gas as the cost of natural gas is pass through under the Urea pricing policy if the consumption is within the permissible norms. The Company did not enter any transaction for hedging the commodity price risk.

The foreign exchange risk of the Company arises mainly out of import of fertilizers. The Company continuously monitors its foreign exchange exposure and hedges its foreign exchange risk exposure to the extent considered necessary through forward contracts and option structures.

#### MONEYS REMAINING UNCLAIMED WITH THE COMPANY

There are no unclaimed fixed deposits, unclaimed deposits and interest on deposits.

The unclaimed dividends has been transferred to IEPF Authority in terms of the provisions of the Companies Act, 2013.

#### Certifications:

The Managing Director and Chief Financial Officer/General Manager - Accounts, certify every quarter that the unaudited financial results of the Company do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

#### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification:

As required under Regulation 17(8) of the Listing Regulations, the Managing Director / Chief Executive Officer and Chief Financial Officer/General Manager - Accounts of the Company have certified the accuracy of Financial Statements, the Cash Flow Statements and adequacy of Internal Control Systems for financial reporting for the year ended March 31, 2024, and the Certificate is annexed to this Report.

#### Code of Conduct and Ethics Certification:

The Company had adopted Code of Conduct and Ethics which is available on the website of the Company ([www.nfcl.in](http://www.nfcl.in)). The declaration given by Managing Director of the Company affirming compliance of the Code by the Board Members and Senior Management Personnel of the Company during the Financial Year 2023-24 is annexed to this Report.

#### Corporate Governance Compliance Certification:

A certificate from Company Secretary in Practice regarding compliance of conditions on Corporate Governance is annexed to this Report.

#### Director's disqualification certificate:

A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority, is annexed to this report.



## OTHER COMPLIANCES

Your Company, in recent years, undertook a series of initiatives, going beyond regulatory requirements, to ensure excellence in governance and to promote the interests of all stakeholders.

### Secretarial Standards of Institute of Company Secretaries of India (ICSI)

The Company has complied with the Secretarial Standard on Meetings of Board of Directors and (SS-1), Secretarial Standards on General Meetings (SS-2), of the Institute of Company Secretaries of India (ICSI)

### Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has not received any complaints pertaining to sexual harassment during the financial year 2023-24.

### Means of Communication

#### i. Quarterly results:

The quarterly results of the Company are submitted to the Stock Exchanges in accordance with the requirements of the Listing Regulations.

#### ii. Newspapers wherein results normally published:

Quarterly / Half Yearly / Annual Audited Results are generally published in widely circulated newspapers viz., Financial Express (English daily) and Nava Telangana (Regional Newspaper – Telugu Daily).

#### iii. Any website, where displayed:

Quarterly / Half Yearly / Annual Audited Financial Results, Annual Reports, Announcements, Investor information, Policies etc. are displayed on the Company's website:

www.nfcl.in under the Investors section

#### iv. Whether it also displays official news releases:

Official news releases if any, are displayed on the Company's website: www.nfcl.in

#### V. Presentations made to institutions investors or to the analysts:

The presentations if any are placed on the Company's website www.nfcl.in.

## GENERAL SHAREHOLDERS INFORMATION

18th Annual General Meeting to be held for Financial Year 2023-24	
<b>Date</b>	Monday, September 30, 2024
<b>Time</b>	10.00 A.M. (ISD)
<b>Venue</b>	Video Conference (VC) / Other Audio-Visual Means (OAVM) For details please refer to the Notice of this AGM
<b>Dates of Book Closure</b>	September 24, 2024, to September 30, 2024 (Both days Inclusive)

<b>Registered Office</b>	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.
<b>Compliance Officer</b>	Mr. Vijaya Bhasker M Ph No. (040) 2335 8405 Email: secretarial@nfcl.in
<b>Share Transfer Agent</b>	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No. 44, Eco House, Nagarjuna Hills, Punjagutta, Hyderabad -500082 Telangana, India Tel: +91-040-2335 8405 Email: Investors@nfcl.in
<b>Dividend history for the last five years</b>	The Company has not declared any dividend during the last 5 Financial Years.  The Directors of your company, after considering the operational performance and keeping in view the company's dividend distribution policy, has decided not to recommend any Dividend for the year under review.

The Financial year is 1st April to 31st March every year and for the FY 2024-25, the financial results are proposed to be declared as per the following tentative schedule

Particulars	Schedule
Financial reporting for the quarter ended June 30, 2024	September 07, 2024
Financial reporting for the quarter / half year ending September 30, 2024	First fortnight of November, 2024
Financial reporting for the quarter / nine months ending December 31, 2024	First fortnight of February, 2025
Financial reporting for the quarter / year ending March 31, 2025	Second fortnight of May, 2025
Annual General Meeting for the year ending March 31, 2025	August / September, 2025

### Stock code:

Demat ISNI for NSDL and CDSL: INE454M01024

Name of the Stock Exchange	Script Code
BSE Limited	539917
National Stock Exchange of India Limited	NAGAFERT

The Equity Shares of the Company are listed on BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

The Company confirms that it has paid annual listing fees to the Stock Exchanges for the year 2024-2025.

### Plant Locations:

#### Urea Manufacturing

Nagarjuna Road, Kakinada, East Godavari Dist, Andhra Pradesh – 533003





**Micro-Irrigation**

Nacharam, Hyderabad, Telangana  
Sadashivpet Mandal, Medak District, Telangana  
Halol, Panchmahal Dist., Gujarat

**Investor Services**

The Company is registered with SEBI as a Registrar to an Issue / Share Transfer Agent in Category II Share Transfer Agent which offers all share related services to its Members and Investors. These services include transfer / transmission / dematerialization of shares / revalidation of dividend warrants / subdivision / consolidation/ renewal of share certificates and resolutions of investor grievances.

Exclusive email address: The Company has designated an e-mail ID to enable the Members and Investors to correspond with the Company. The e-mail address is investors@nfcl.in

**1Credit Rating:**

The Company obtained credit rating from India Ratings and Research (Ind-Ra) for long term issuer. The following is the ratings assigned during the financial year and status as on the date of this report:

Instrument type	Maturity date	Size of issue (billion)	Rating	Rating Action
Fund-based limit (Long-term)	-	INR8.03	IND D	Affirmed
Non-fund-based limit (Short term)	-	INR11.80	IND D	Affirmed
Long-term loans	FY21-FY24	INR4.73	IND D	Affirmed

1The company has not obtained credit rating during the FY. 2023-24

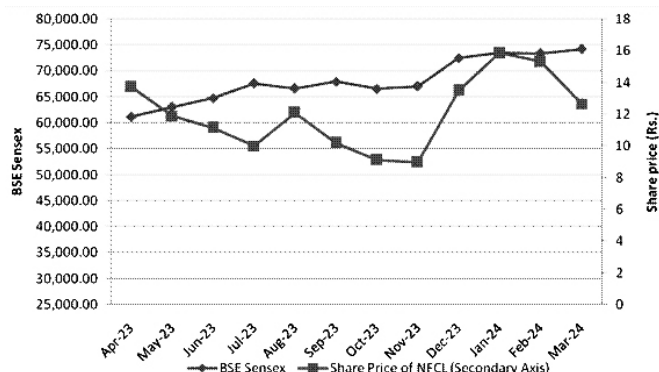
**Market Price Data – high, low during each month in last financial year relating to Equity Shares listed**

The monthly high and low prices of your Company’s share at BSE and NSE for the year ended March 31, 2024 are as under:

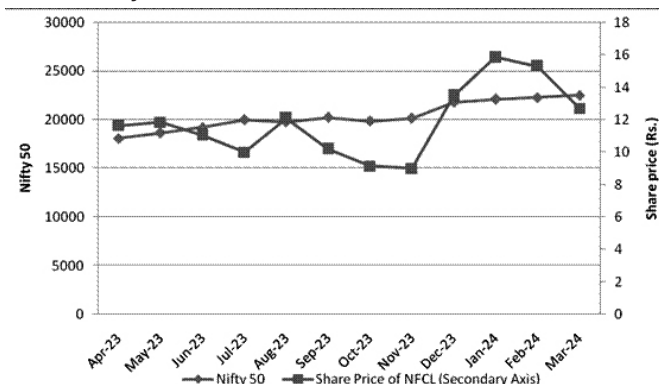
Amount in Rs.

Month	BSE		NSE	
	High	Low	High	Low
April 2023	13.72	9.76	11.65	9.00
May 2023	11.89	9.95	11.85	9.95
June 2023	11.14	9.35	11.05	9.50
July 2023	10.00	8.44	10.00	8.60
August 2023	12.10	7.81	12.10	7.90
September 2023	10.19	8.21	10.20	8.20
October 2023	9.12	8.00	9.15	8.00
November 2023	8.97	8.06	9.00	8.05
December 2023	13.50	8.51	13.50	8.50
January 2024	15.85	12.91	15.85	12.90
February 2024	15.31	12.13	15.30	12.15
March 2024	12.65	8.90	12.70	8.90

**Performance of the Share Price of the Company in comparison to BSE Sensex**



**Performance of the Share Price of the Company in comparison to Nifty 50**



**Disclosures:**

Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, Directors or their relatives, management, its subsidiaries etc., that may have potential conflict with the interests of the Company at large:

None of the transactions with related parties during the Financial Year 2023-24 were material and were also not in conflict with the interests of the Company at large. The transactions with related parties are mentioned in the notes to Accounts.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years:

Year	Regulation	Authority	Fine (per Stock Exchange)
2021-22	Reg 33 SEBI (LODR) Regulations, 2015, year ended March 31, 2022.	BSE & NSE	88,500/-
2022-23	Reg 33 SEBI (LODR) Regulations, 2015, Quarter ended June 30, 2022	BSE & NSE	1,05,000/-
	Reg 33 SEBI (LODR) Regulations, 2015, year ended March 31, 2023	BSE & NSE	1,15,000/-

	Reg 23(9) SEBI (LODR) Regulations, 2015, year ended March 31, 2023	BSE & NSE	40,000/-
	Reg 23 SEBI (LODR) Regulations, 2015, year ended September 30, 2023.	BSE & NSE	11,800/-
2023-24	Reg 33 SEBI (LODR) Regulations, 2015, year ended March 31, 2024	BSE	1,06,200/-
	Reg 33 SEBI (LODR) Regulations, 2015, year ended March 31, 2024	NSE	41,300/-

#### Whistle Blower Policy/Vigil Mechanism:

To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to voice concern in a responsible and effective manner about serious malpractice, impropriety, abuse or wrongdoing within the organization, the Company has a Whistle Blower Policy/Vigil Mechanism in place, applicable to the Company. The vigil mechanism under the Whistle Blower Policy provides adequate safeguard against victimization of the Directors and employees who avail of the mechanism and also provide for direct access to Chairman of the Audit Committee in exceptional cases. No personnel was denied access to the Audit Committee.

This mechanism has been communicated to all concerned and posted on the Company's website: [http://nfcl.in/corporate-governance/Whistle\\_Blower\\_Policy.pdf](http://nfcl.in/corporate-governance/Whistle_Blower_Policy.pdf)

#### Fees paid to Statutory Auditors:

M/s. Murali & Co., Chartered Accountants (Firm Registration No. 007257S), Hyderabad, have been appointed as the Statutory Auditors of the Company for term of five years to hold office from the conclusion of the 16th Annual General Meeting till the conclusion of the 21st Annual General Meeting.

The particulars of payment of Statutory Auditors' fees, on consolidated basis are given below:

Amount (in lakh)

Particulars	Year ended March 2023	Year ended March 2022
Statutory Audit	42.00	42.00
Tax Audit	7.50	7.50
Limited Review	12.00	12.00
Certification and other services	14.15	4.15
Reimbursement of expenses	-	-
<b>Total</b>	<b>75.95</b>	<b>65.65</b>
Auditor-wise Breakups		
M/s. P Murali & Co	75.95	65.65
<b>Total</b>	<b>75.95</b>	<b>95.65</b>

#### Compliance with Mandatory Requirements of Listing Regulations

Your Company is fully compliant with the applicable mandatory requirements of Listing Regulations except to the extent

mentioned. The details as to compliance with the applicable requirements specified in regulation 17 to 27 and clause B to clause I of Sub-Regulation (2) of Regulation 46 of the Listing Regulations are as under:

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Maximum number of Directorships	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	NA
Approval for material related party transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Secretarial Audit	24A	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from Members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
Other corporate governance requirements	27	Yes

The adoption of the non-mandatory requirements is as under:



**Discretionary Requirements**

A Non-Executive Chairman may be entitled to maintain a Chairman's office at the Company's expense and allowed reimbursement of expenses incurred in performance of his duties.	Not Applicable	The listed entity may move towards a regime of financial statements with unmodified audit opinion	Yes
A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	The Unaudited Financial Results of every quarter is sent to all shareholders who have provided their e-mail addresses	The listed entity may appoint separate persons to the post of Chairperson and Managing Director or Chief Executive Officer	There is a separate Chairman and Managing Director in the Company
		The Internal auditor may report directly to the Audit Committee.	The Internal Auditor has direct access to Audit committee.

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, K Rahul Raju, Managing Director and Sudhakara Rao A, CFO, of Nagarjuna Fertilizers and Chemicals Limited, to the best of our knowledge and belief certify that:

- A. We have reviewed the Financial Statements including Cash Flow of the Company (standalone and consolidated) for the year ended March 31, 2024 and to the best of our knowledge and belief, these statements:
  - 1) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - 2) together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to taken to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
  - 1) Significant changes in internal control over financial reporting during the year
  - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Hyderabad  
May 20, 2024

**K Rahul Raju**  
Managing Director

**Sudhakara Rao A**  
Chief Financial Officer

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS**

This is to inform you that the Company adopted a Code of Conduct and Ethics applicable to all the Members of the Board of Directors and Senior Management Personnel of the Company. The details of the Code of Conduct and Ethics are available at the Company's website at [www.nfcl.in](http://www.nfcl.in).

We confirm that the Company has in respect of the financial year ended March 31, 2024, received from all the Members of the Board of Directors and all the Senior Management Personnel of the Company a declaration of compliance with the Code of Conduct and Ethics as applicable to them.

Senior Management Personnel are personnel who are part of the core management team, comprising personnel one level below the Executive Directors and including all functional heads as on March 31, 2024.

Hyderabad  
May 20, 2024

**K Rahul Raju**  
Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
Nagarjuna Fertilizers and Chemicals Limited  
Nagarjuna Hills, Punjagutta, Hyderabad, Telangana – 500 082

We have examined the compliance of conditions of Corporate Governance by Nagarjuna Fertilizers and Chemicals Limited for the year ended on 31st March, 2024, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Company Secretaries of India and has been limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management that there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the company at large, as stated under Disclosures Column of the Company's Report on Corporate Governance.

S.No.	Particulars
1.	<p>The Company has complied with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except the following:</p> <p>As per Regulation 17(1) of SEBI (LODR) Reg, 2015, the Company is required to appoint one Independent Director and the Board of Directors on June 17, 2023, and Members at their Annual General Meeting held on September 15, 2023, have approved the appointment Mr. Sudhakar Kudva, as an Independent Director on the Board of the Company effective from June 17, 2023.</p> <p>Consequent to the appointment of Mr. Sudhakar Kudva, as an Independent Director, the Company is in compliance with the requirement of Reg 17, except for the intermittent period from April 01, 2023 to June 16, 2023, due to the Company being admitted to NCLT, vide Order dated August 27, 2021, passed by the Hon'ble NCLT, Hyderabad Bench and due to factors beyond the control of the Management.</p>
2.	<p>We have been given to understand that the company undertakes share transfer activity as a Category II – In House Share Transfer Agent and the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and there are no complaints pending as at the year-end as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.</p>
3.	<p>We have been given to understand that the Company was in receipt of clarification / observation Letters for which the Company duly replied to the Stock Exchanges.</p>

We certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements Regulations, 2015) except as stated herein above.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **KBG Associates**  
**Company Secretaries**

Firm Regn No # P2009AP006100  
PRC : P2009AP6100/1103/2021

**Srikrishna Chintalapati**

Partner

CP No: 6262

UDIN : F005984F000960731

Date: 10-08-2024  
Place: Hyderabad



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Reg 34 (3) and Schedule V –Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED  
D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad,  
Telangana – 500 082

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Nagarjuna Fertilizers and Chemicals Limited (CIN L24129TG2006PLC076238) and having registered office at # D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad, Telangana – 500082 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers.

We hereby certify that none of the Directors on the Board of the Company (as stated below) have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority for the Financial Year ending on 31st March, 2024 :

S.No.	Name of the Director	DIN	Date of Appointment
1	Mr. Uday Shankar Jha	00056510	06-08-2016
2	Mr. K Rahul Raju	00015990	01-08-2014
3	Mr. Chandra Pal Singh Yadav	00023382	18-08-2011
4	Ms. Lalitha Raghuram	07161344	18-04-2015
5	Mr. Rajendra Mohan Gonela	02354356	25-05-2020
6	Mr. Sudhakar Kudva	02410695	17-06-2023

It is to be noted that ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KBG Associates**  
**Company Secretaries**

Firm Regn No. P2009AP006100  
PRC : P2009AP6100/1103/2021

**Srikrishna Chintalapati**

Partner

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# Management Discussion and Analysis

## Global Economic Scenario

The world economy in 2024 is characterized by moderate growth, with significant regional variations. Inflationary pressures, geopolitical risks, and the energy transition are key drivers of the global economic landscape. While the long-term outlook points to continued technological innovation and a shift toward sustainability, the short-term challenges of inflation, trade tensions, and debt remain significant. Countries that can navigate these challenges effectively, particularly by investing in technology and green energy, are likely to emerge as leaders in the global economy.

Global economic growth is projected to moderate in 2024, with the International Monetary Fund (IMF) forecasting global GDP growth of around 3%. This marks a deceleration compared to pre-pandemic levels, influenced by a slowdown in advanced economies and uneven recovery in emerging markets. Advanced economies, are expected to see slower growth, while some emerging markets, such as India and parts of Southeast Asia, are poised for faster expansion. Sub-Saharan Africa and Latin America remain more vulnerable to economic shocks and slower growth.

Inflation remains a major concern in 2024, though it has begun to ease in some regions. Central banks are focused on balancing inflation control with economic growth. Inflation is driven by factors such as energy price fluctuations, labor shortages, and lingering supply chain disruptions.

Major central banks, including the U.S. Federal Reserve, European Central Bank (ECB), and Bank of England, are maintaining higher interest rates to tame inflation. The pace of rate hikes is slowing, but the high cost of borrowing is impacting consumer spending, business investments, and housing markets.

The war in Ukraine continues to have far-reaching effects, particularly on energy and food markets. Europe, in particular, has had to pivot away from Russian energy imports, accelerating its energy transition to renewables and LNG (liquefied natural gas) sources.

The war between Israel and Palestine has affected global logistics movement having impact on economy.

Governments and corporations are increasingly investing in renewable energy sources, such as wind, solar, and hydrogen, driven by climate goals and energy security concerns. The shift to a low-carbon economy is creating new industries and reshaping traditional energy markets.

Traditional fossil fuels, especially oil and natural gas, remain volatile due to geopolitical factors, such as sanctions on Russia and supply constraints from OPEC+ decisions. However, the growing adoption of green energy is beginning to stabilize long-term energy costs.

The global supply chain landscape has been undergoing structural changes since the COVID-19 pandemic, with many companies diversifying their suppliers away from China to mitigate risks. Regions like Southeast Asia and Mexico are benefiting from this shift.

New trade deals and regional agreements, particularly in Asia and Africa, are shaping the future of global commerce. These agreements are focusing on areas such as digital trade, sustainability, and technology.

## Indian Economic Scenario

India's economic scenario in 2024 is marked by resilience, growth opportunities, and ongoing challenges. The country is experiencing a mix of robust economic activity, policy reforms, and external factors influencing its growth trajectory.

India is expected to grow at a robust pace in 2024, with estimates of GDP growth hovering around 6-6.5%. This positions India as one of the fastest-growing major economies, driven by domestic demand, government investments, and expanding industries like technology and manufacturing. Key growth drivers include government-led infrastructure projects, increased private investment, consumer demand, and a growing services sector, especially in IT, finance, and healthcare.

Inflation remains a concern, but it is expected to moderate compared to the high levels seen in previous years. The Reserve Bank of India (RBI) continues to implement measures to keep inflation in check, balancing between supporting growth and controlling price increases. The RBI has maintained a cautious stance on interest rates, keeping them elevated to manage inflation but remaining accommodative enough to support growth.

The Indian government's focus on boosting domestic manufacturing through initiatives like the "Make in India" and Production-Linked Incentive (PLI) schemes has started to show results. Key sectors like electronics, pharmaceuticals, and automotive are seeing increased production, with India emerging as a competitive manufacturing hub. India's industrial growth is benefiting from policy reforms and increasing foreign direct investment (FDI) in sectors such as electronics, defense, and semiconductors. Manufacturing is becoming more diversified and tech-driven, creating job opportunities and improving export capabilities.

The Indian government's focus on infrastructure development remains a central pillar of its growth strategy. Major projects, including roads, railways, ports, and airports, are under development to enhance connectivity and boost economic productivity.

The agriculture sector, which remains vital to the Indian economy, is seeing mixed results. While productivity has increased, driven by better irrigation, technology, and crop diversification, challenges like climate change, erratic monsoons, and farm income disparities persist.

Government initiatives focusing on rural development, such as improving rural infrastructure, digital access, and financial inclusion, are helping lift the rural economy. However, rural distress remains a concern due to uneven income growth and agricultural dependency.

India is making substantial strides in renewable energy, particularly solar and wind. The government's ambitious targets aim to transition India towards a more sustainable energy mix, reducing reliance on coal and other fossil fuels. India is emerging as a leader in the global clean energy transition.

While renewable energy is expanding, India still relies heavily on coal for electricity generation. Balancing energy security with climate commitments is a key challenge, especially as demand for energy continues to grow.

India's economy in 2024 is on a solid growth path, benefiting from domestic demand, policy reforms, and investment in key sectors like infrastructure, manufacturing, and technology. India's global influence continues to rise, positioning it as a key player in the world economy, particularly in trade, technology, and sustainability.

### Agriculture Sector

The Indian agriculture sector continues to play a crucial role in the economy, contributing around 16-18% to the country's GDP and employing nearly 50% of its workforce. However, the sector is facing both opportunities and challenges as it transitions through modernization, climate impacts, and policy reforms.

The agriculture sector is expected to grow at a moderate pace, contributing to food security and rural livelihoods. While the overall contribution to GDP is decreasing as other sectors grow, agriculture remains vital for employment and sustenance, especially in rural areas.

MSP remains a central issue for farmers, with the government continuing to support key crops like rice and wheat. However, there is an increasing push toward reducing the dependence on MSP and encouraging diversification into other, more remunerative crops.

Technology is transforming Indian agriculture, with increased use of precision farming techniques. Technologies like drones, satellite imagery, and IoT-based sensors are helping farmers monitor crops, optimize irrigation, and improve yields.

The rise of digital platforms and mobile applications is providing farmers with real-time data on weather, crop prices, and farming practices. These platforms are also helping connect farmers to buyers, reducing intermediaries, and ensuring better price discovery.

The government and private sector are promoting sustainable agricultural practices, including organic farming, reduced chemical use, and conservation agriculture. Organic farming, though still a small part of Indian agriculture, is growing due to increased demand for organic products both domestically and internationally.

A large portion of Indian agriculture still relies heavily on monsoons, making the sector vulnerable to climate variability. While irrigation infrastructure has improved, only about half of the cultivated land is irrigated, leading to productivity challenges.

The government is investing in large-scale irrigation projects and promoting micro-irrigation techniques like drip and sprinkler systems to ensure more efficient water use, particularly in water-scarce regions like Rajasthan and Gujarat.

The agriculture supply chain in India is becoming more efficient, aided by investments in cold storage, transportation, and logistics. This is reducing post-harvest losses, particularly in perishable goods like fruits and vegetables.

The government's electronic National Agriculture Market (e-NAM) is helping farmers gain better access to markets, reducing the need for middlemen. However, full-scale adoption

of these platforms is still in progress, with many farmers continuing to rely on traditional local markets (mandis).

**PM-Kisan:** Direct income support continues to be provided under the PM-Kisan scheme, offering financial relief to small and marginal farmers. The scheme is expected to reach more farmers in 2024 as the government enhances its coverage.

**National Mission for Sustainable Agriculture (NMSA):** This program aims to promote sustainable farming techniques, better water management, and climate-resilient crops. The government is also supporting the development of infrastructure like cold storage, warehouses, and transportation to reduce post-harvest losses.

### Fertilizer Sector

Fertilizer consumption in India continues to rise steadily in 2024, driven by increasing agricultural output and the push for higher crop yields. India remains one of the largest consumers of fertilizers globally, with urea, DAP (diammonium phosphate), and MOP (muriate of potash) being the key fertilizers used.

The government is promoting the balanced use of fertilizers through campaigns to improve soil health and reduce the overuse of certain fertilizers like urea. This is a response to the long-standing issue of imbalanced fertilizer use, which has led to soil degradation in many parts of the country.

India has been focusing on increasing its domestic fertilizer production capacity to reduce its dependency on imports, particularly in the case of urea. Several new plants are being commissioned in 2024 under the government's self-reliance initiative (Atmanirbhar Bharat). This includes reviving older, defunct fertilizer plants and expanding existing ones.

Despite efforts to boost domestic production, India remains dependent on imports for certain key fertilizers like phosphate and potash. Global price volatility in raw materials and finished fertilizers impacts the domestic market, leading to fluctuations in availability and prices.

There is an increasing emphasis on organic and bio-fertilizers as part of India's sustainable agriculture initiatives. The government is promoting the use of organic inputs and bio-fertilizers to improve soil health, reduce chemical inputs, and lower the environmental impact of agriculture.

Programs such as the National Mission on Sustainable Agriculture (NMSA) are being leveraged to encourage farmers to adopt sustainable fertilizer practices, which include reducing excessive chemical fertilizer use and adopting integrated nutrient management practices.

The sector is highly regulated due to the critical nature of fertilizers in agriculture. The pricing of key fertilizers like urea is controlled by the government, while market-based pricing applies to others like DAP, though with government subsidies. Competition among players is intense, with a focus on maintaining supply chains and improving efficiency.

Global events, such as the Russia-Ukraine conflict, continue to impact the availability and pricing of key fertilizers in 2024. India, being a significant importer of phosphate and potash, is vulnerable to global price fluctuations. This has prompted India to explore long-term supply agreements with countries rich in these resources, such as Russia, Canada, and Morocco.

India is also looking to become a major exporter of fertilizers, particularly urea, as domestic production increases. Efforts to modernize plants and make them more efficient may help India become more competitive in the global fertilizer market.

One of the major challenges faced by the fertilizer industry is the rising cost of raw materials like natural gas (for urea production) and phosphoric acid (for DAP). These costs are largely driven by global market trends, making domestic production and pricing more difficult to manage.

Global supply chain issues continue to affect the availability of fertilizers, leading to price volatility. The sector is focusing on building more resilient supply chains and reducing dependence on imports through long-term partnerships.

As India pushes for a greener future, the fertilizer sector is expected to increasingly embrace sustainable practices, including the use of organic fertilizers and more efficient chemical fertilizers like nano urea. These developments will help reduce the environmental impact of the industry while supporting agricultural productivity.

### Government Policies

The Indian government continues to implement various fertilizer policies aimed at ensuring the availability of affordable fertilizers, promoting sustainable practices, and improving the efficiency of the sector.

- **Urea Subsidy Scheme:** Presently, Urea is being provided to the farmers at a statutorily notified Maximum Retail Price. Per bag of urea. Under the scheme, the difference between the delivered cost of urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer or importer.
- **Nutrient Based Subsidy Scheme:** Subsidy rates of P&K fertilizers under this scheme were increased on 20th May 2021 and 13th October 2021, and then further increased substantially for Kharif-2022, so that these fertilizers are available at affordable prices to the farmers.
- **Direct Benefit Transfer (DBT) project for fertilizer subsidy payment:** Department of Fertilizers (DoF) has implemented the scheme for fertilizer subsidy payment to improve fertilizer service delivery to farmers. Under the DBT system, 100% subsidy on various fertilizer grades is released to the fertilizer companies on the basis of actual sales made by the retailers to the beneficiaries.
- **Nano Urea:** The Government of India recently notified the specifications of Nano nitrogen under Fertilizer Control Order 1985. Nano fertilizers hold great promise for application in plant nourishment because of the size-dependent qualities, high surface volume ratio and unique optical properties.
- **One Nation One Fertilizers:** The Government decided to implement One Nation One Fertilizers by introducing Single Brand for fertilizers and Logo under fertilizer subsidy scheme namely "PradhanmantriBharatiyaUra-varakPariyogna". The single brand name for urea, DAP, MOP and NPKs etc would be Bharat Urea, Bharat DAP, Bharat MOP and Bharat NPK respectively for all fertilizer companies and importers. New Brand name and logo to be used by all fertilizer companies from 30th November, 2022 for imported urea, Indigenous Urea and Imported

PNK and from 31st December, 2022 for Indigenous PNK. The release of fertilizer subsidy to companies will be considered only for fertilizer dispatches in the new bags after the above-mentioned cut-off dates.

- **Pradhanmantri Kisan Samridhi Kendra (PMKSK):** The Government decided to convert the existing village, block/sub-district/taluk and district level fertilizer retail shops into Model Fertilizer Retail Shop or to establish new ones. Model fertilizer retail shop will act as One Stop Shop for all agriculture related inputs and services. The name of the Model Fertilizer Retail Shop would be Pradhanmantri Kisan Samridhi Kendra (PMKSK). As on date there are 3.3 Lakhs fertilizer retail shops at district, block/sub-district and village levels, all these shops will be converted into model retail shops. The timelines for conversion of these shops have also been prescribed.
- **Balanced Fertilizer Use:** The NBS scheme encourages the use of fertilizers based on the nutrient content, promoting a balanced application of nitrogen (N), phosphorus (P), and potassium (K). This is part of the government's effort to reduce the overuse of urea and ensure better soil health.
- **Soil Health Card Scheme:** The Soil Health Card scheme, which was launched earlier but continues in 2024, is aimed at providing farmers with detailed information about the nutrient status of their soils. This helps in the better application of fertilizers, reducing overuse and promoting balanced fertilization. The government is working to expand the reach of this scheme to more farmers.

### Company's Strengths and opportunities

The Company's main strength lies in an excellent track record of project execution, achieving high production levels and good safety record. The company has multiple advantages of having good brand image, nearness to raw material, and the market at its doorstep.

### Financial Performance vis a vis Operational Performance Financials

The Company recorded a loss after tax for the year was Rs. 1283.88 crores against Rs.900.09 crores for the previous year. The loss before exceptional items for the period increased by Rs 201.62 Crs mainly on account of accounting of Rs. 231.32 Crs revision in energy norms from Oct 2020 to March 2023 in the previous year which is not there in the current year

### Plant Operations

The Company during the financial year 2023-24 manufactured 13.102 LMT of urea as against 11.205 LMT in the previous year. The production for the year 2023-24 to low load operation of the plants due to equipment limitations

### Sales and Marketing

The Company achieved a sale of manufactured urea of 13.08 LMT compared to 11.20 LMT in the previous year. The total urea sales for both manufactured and imported urea was 13.08 LMT compared to 11.20 LMT of previous year.



**Details of significant changes in Key Financial Ratios:**

S.No	Ratio	31.03.2024	31.03.2023
i	Debtors Turnover Ratio	9.70	10.96
ii	Inventory Turnover Ratio	100.68	139.63
iii	Interest Coverage Ratio	-2.97	-1.85
iv	Current Ratio	0.15	0.15
v	Debt Equity Ratio	-0.97	-1.37
vi	Operating Profit Margin %	-4.33%	0.01%
vii	Net Profit Margin %	-27%	-16%

- i. **Debtors Turnover Ratio:** Reduced due to lower turnover and reduction in average receivables.
- ii. **Inventory Turnover Ratio:** Increase in ratio due to higher inventory holdings being non-season at the year end and decrease in sales revenue due to lower subsidy value.
- iii. **Interest coverage Ratio:** Decreased due to increase in cash losses in the current year.
- iv. **Current Ratio:** No significant change in current ratio.
- v. **Debt Equity Ratio:** Debt Equity Ratio is negative due to increase in losses.
- vi. **Operating Profit Margin:** Gross Profit Margin deteriorated due accounting of Target Energy Norms, resulting in lower recognition of subsidy income compared to previous year.
- vii. **Net Profit Margin:** Deteriorated due to lower margins

The Company is incurring losses for the last few years therefore Net Worth of the Company became negative from March 31, 2021.

**Human Resources and industrial Relations**

The Company during the previous year continued to have good industrial relations with all its employees. Various initiatives have been taken to impart training and development activities so that employees are prepared to take up new challenges for their own development and also for the overall wellbeing of the Company. There are 813 employees on the rolls of the Company as on 31.03.2024.

**Internal Control Systems.**

The Company has a strong internal control system comprising various levels of authorization, supervision, checks and balances and procedures through documented policy guidelines and manuals. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. With a view to maintaining independence and objectivity in its working, the Internal Audit function reports directly to the Audit Committee.

The internal financial controls within the Company are also commensurate with the size, scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed.

**Risks, issues and concerns**

Assets Care and Reconstruction Enterprise Limited (ACRE) has initiated SARFAESI process under SARFAESI Act, 2002, and issuance SARFAESI notice on 20th May, 2023, and took over the possession of all assets on Oct 12, 2023, the secured creditor.

ACRE recovered from sale of core assets (Urea and MI facilities), non-core assets (all assets other than Urea and MI assets) towards full and final settlement of debt outstanding of Rs. 3858 crores as claimed by ACRE as of 10th December 2023.

In this regard, ACRE has issued No Due Certificate dated 11th July, 2024, confirming that NFCL stands unconditionally and irrevocably released and discharged of any liabilities, dues, demands or claims in respect of the outstanding debt, other amounts due and payable to ACRE, including release of all security created in favour of ACRE, personal guarantees and pledge of shares of NFCL held by promoter.

Post the sale of assets, majority of the staff/associates of the company have been moved from the company for their b SARFAESI.

**Outlook / Future plans.**

The post assets sale of Urea and MI businesses, the company exploring new business opportunities.

STANDALONE  
FINANCIAL STATEMENTS





# INDEPENDENT AUDITOR'S REPORT

To the Members of **Nagarjuna Fertilizers and Chemicals Limited**

## Report on the Ind AS Standalone Financial Statements

### I. 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 Standalone Balance Sheet as at 31st March, 2024, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of "the Company" as at March 31st, 2024, its Loss including other comprehensive income, Changes in Equity and its Cash flows for the year then ended.

### II. Basis for Qualified opinion:

We refer to Note No: 14 & 26 to ("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. As a result, "the Company" filed cases against the lenders in the 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 as 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" since 6 years. 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.

We refer to Note No: 14.1 to ("the Standalone Financial Statements") wherein "the Company" stated that on 3rd April 2023, "the Company" received a letter dated 31st March 2023, copying to all the Lender (Secured Creditor), from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating 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. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

In the absence of independent audit evidence from the lenders (Banks) on the date(s) from which the loan accounts have been classified as NPAs, outstanding amount of borrowings at the end of every year, interest accrued thereon, period and amount of default in repayment of loans and payment of interest thereon disclosed in the financial statements and continuing the outstanding borrowings with the existing lenders (Banks), we are unable to express an opinion whether any adjustments are required to be made to the outstanding balance of borrowings as at the year end, interest on the borrowings charged to the statement of profit and loss for the year and the period and amount of default in repayment of principal and payment of interest disclosed in the financial statements.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of "the Company" in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

### III. Material uncertainty related to going Concern:

1. We Refer to Note No.29 to the standalone financial statements, on the disclosure of Material Uncertainty on "the Company's" ability to continue as a Going Concern and appropriateness of use of Going Concern basis of accounting in preparation of financial statements.

"The Company" has been incurring recurring losses resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ Year ended 31st March, 2024, the Company's current liabilities exceeded the current assets by Rs.3,96,414.20 Lakhs.

The Company, during the year under review, continued to default in discharging its obligations for repayment of Loans and settlement of other financial and non-financial liabilities including statutory dues on the due dates. The lenders have been treating the loans to "the Company" as Non-Performing Assets since last six years.

We Refer to Note No.30 to “the Standalone Financial Statements” wherein “the Company” stated that it has received a demand notice dated 20th May 2023 u/s 13(2) of the SARFAESI Act from ACRE to repay total outstanding dues of Rs 3,344.37crores. ACRE, as part of the SARFAESI process after taking symbolic possession of assets (on October 12, 2023), has issued a Public Notice for auction of Sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, vide email to the company dated January 17,2024. ACRE in their public auction notice stated that as of December 2023 “the Company” owed ACRE around Rs. 3858 Crs including interest. The Company has received an email communication dated April 17, 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 line with the terms of the sale. It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration

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, the management is of the opinion that the preparation of the financial statements of “the Company” for the quarter and year ended 31st March, 2024 as going concern is still appropriate considering the uncertainties and final outcome of the results of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking of the future plans of the company for continuation of business operations and given the above background on its effort for OTS as Debt Resolution.

2. We Further refer to Note 30, that ACRE has taken symbolic possession to enable them to start auction process, but has not imposed any restrictions on the plant operations as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in normal course of business. subsidy claims are being raised in the name of the company as per the procedures laid by the Government and subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial are prepared on a going concern basis, the Property, Plant and Equipment are continued to be disclosed as Non Current operating assets at its carrying value.

**Our opinion is not modified in respect of this matter.**

#### IV. Emphasis of Matter Paragraph:

Attention is invited to the following notes in the standalone financial statements:

- a. Note No 20.1: “the Company” has recognized Income from Urea Operations, Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation/de-escalation during the year 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.

- b. Note No 31: The Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 and management perceive that there is no further impairment loss required to be recorded

Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss of Rs. 63,407.20 Lakhs as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.

- c. 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. 14,150.09 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 32.2 Claim from a related party asserting its right for Royalty for the period from 29.01.1998 onwards, is being negotiated with the granter for settlement.

- e. Note No 32.4: 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.

**Our opinion is not modified in respect of this matter.**



## V. Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	How the matter was addressed in our audit
i)	<p><b>Recognition, measurement, presentation and disclosures of revenue from operations.</b></p> <p>“The Company” revenue from operations comprises of sale value of Urea and the Subsidy received from Govt of India.</p> <p>We identified this as a Key Audit Matter since the recognition of subsidy revenue and the assessment of recoverability of the related subsidy receivables is subject to significant judgements of the management. Since the sale and the eligible subsidy are interlinked and further the claim for subsidy depends on various government notifications issued from time to time, it is important to verify the correctness of the revenue from operations recognised in the books of account.</p> <p>Refer Note No. 20 in the Standalone financial statements.</p>	<p><b>Principal Audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>• Verified various applicable Govt notifications under which the subsidy was notified.</li> <li>• Verified the sales made and related claims for subsidy with the records/ certificates submitted to the Government.</li> <li>• Performed analytical procedures for reasonableness of revenue and subsidy recognised vis a vis the sales made.</li> <li>• We evaluated the management’s assessment regarding reasonable certainty of complying with the relevant conditions as specified in the notifications/policies.</li> <li>• We evaluated adequacy of disclosures in the Standalone Ind AS Financial Statements.</li> </ul>
ii)	<p>Provision for Expected Credit Loss in accounts receivables.</p> <p>The credit loss provision in respect of account receivables represent management’s best estimate of the credit losses incurred on the receivables at the balance sheet date.</p> <p>We have identified provisioning for credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows. [Refer Note No. 7 in the standalone financial statements]</p>	<p>Our audit procedure in respect of this area included:</p> <ul style="list-style-type: none"> <li>• Understand and assess the management’s estimate and related policies used in the credit loss analysis</li> <li>• Performed test of key controls to analyse operating effectiveness relating to calculation of impairment provisions.</li> <li>• For Expected Credit Loss (ECL) of trade receivables assessed on individual level by the management, examined on a test check basis, the objective evidence relating to the impairment of trade receivables and the key assumptions used in the estimate of the cash shortfalls and reviewed whether amounts have been recovered after the end of reporting period.</li> <li>• Reviewed the management’s ageing analysis based on days past due by examining the original documents (such as invoices).</li> <li>• Verified the calculation of ECL of each type of trade receivables.</li> </ul>

## VI. Information Other than the Standalone Financial Statements and Auditor’s Report Thereon:

- “the Company’s” Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexure to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the standalone financial statements and our auditor’s report hereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## VII. Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing "the Company's" financial reporting process.

## VIII. Auditor's Responsibilities for the Audit of the Standalone Financial Statements:

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion

on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or, in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## IX. Report on Other Legal and Regulatory Requirements:

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

1) As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and except for the matters described in the Basis for Qualified Opinion Section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the accompanying financial statements;
- b) Except for the possible effects of the matters described in the Basis for Qualified Opinion Section, in our opinion, proper books of account as required by law have been kept by "the Company" so far as it appears from our examination of those books;
- c) The standalone financial statements dealt with by this report are in agreement with the relevant books of account of "the Company"
- d) Except for the possible effects of the matters described in the Basis for Qualified Opinion Section, in our opinion, the standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act and the rules made thereunder;
- e) The matters described in the Basis for Qualified Opinion section, material uncertainty related to going concern section and emphasis of matter section, in our opinion, may have an adverse effect on the functioning of "the Company";
- f) On the basis of the written representations received from the directors as on March 31st, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section.
- h) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of "the Company" and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- i) With respect to the statement to be included in the Auditor's Report pursuant to section 197(16) of the Act, as amended, we report that:

Based on the examination of documents and records of "the Company" and as per the information and explanations furnished to us "the Company" has paid remuneration to its Managing Director during the year by obtaining the prior approvals from the lenders in terms of third proviso to sub-section (1) of section 197 of the Act.

2) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of The Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- a) "The Company", as detailed in Note No. 32 in the standalone financial statements, has disclosed the im-

pact of pending litigations on its financial position in its standalone financial statements as at 31st March, 2024.

- b) "The Company" does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2024.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by "the Company" as at 31st March, 2024.
- d) (i) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds of funds) by "the Company" to or in any other person or entity, including foreign entity ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of "the Company" ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by "the Company" from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that "the Company" shall whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iii) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has to come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above, contain any material misstatement.
- e) "The Company" has not declared or paid any Dividend during the year.
- f) Based on our examination, which included test checks, "the Company" has used accounting softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

**For P. Murali & Co.,**  
Chartered Accountants  
Firm Registration No: 007257S

**A Krishna Rao**  
Partner

Date: 20-05-2024  
Place: Hyderabad

Membership No.020085  
UDIN: 24020085BKAUHK4123



## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to "Report on Other Legal and Regulatory Requirements" section of our report to the Members of  
**NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED** of even date)

Based on the audit procedure performed for the purpose of reporting a true and fair view on the financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Company") and taking into consideration the information and explanations given to us and the books of account and other records examined by us in a normal course of audit, and to the best of our knowledge and belief, we report that:

**I. In respect of the Company's Property, plant and equipment:**

- (a) (i) "the Company" has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment ("PPE"), subject to our note (c) below.
- (ii) "the Company" has not held / dealt in intangible assets as at 31st March 2024.
- (b) According to the information and explanations given to us and in our opinion, "the Company's" Property, Plant and Equipment, the immovable property subject to our note (c), have been physically verified by the management at reasonable intervals as per a regular programme of verification which, in our opinion, is reasonable having regard to the size of "the Company" and the nature of its assets. "the Company" has reported that no material discrepancies were noticed on such verification made during the year.
- (c) The Title deeds of the following immovable properties disclosed in the PPE are not held in the name of "the Company":

Based on a legal opinion, as "the Company" was holding agricultural lands in excess of the limit prescribed under the AP Land Reforms (Ceiling on agricultural holdings) Act 1973, carrying value of the above lands has been fully impaired in F.Y 2020-21.

[Refer to Notes No: 3 & 45(i) in the standalone financial statements]

Description of property	Gross carrying value (Rs.In Lakhs)	Title Deeds Held in the name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company
340.11 Acres situated in Nellore District, A.P	4185.39	We were informed that these lands are held in the name of original owners who sold the lands to Nagarjuna Aqua Exports Limited. We were further informed that the details of the persons in whose name the lands are held are not available with the Company	No	From the date of investing the lands on the Company under the Composite Scheme of Arrangement and Amalgamation in F.Y.2011-12	We were informed that the original title holder has a defective Title.

- (d) ACRE, the lender, has taken Symbolic possession of assets as a part of the SARFESI process and issued a public auction notice for physical auction for sale of movable and immovable properties of the company.

[Refer to Note No: 30 in the standalone financial statements]

- (e) "the Company" has not revalued its Property, Plant and Equipment during the year.
- (f) No proceedings have been initiated during the year or are pending against "the Company" for holding any benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.

**II. In respect of "the Company's" Inventory:**

- (a) According to the information and explanations given to us and in our opinion, "the Company's" inventory has been physically verified by the management at reasonable intervals and in our opinion, the frequency, coverage and procedure of such verification by the management is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed between the physical stocks and the book stocks on such verification made during the year.
- (b) In respect of the working capital limits sanctioned to "the Company" in earlier years, which are continued in the current year, in excess of Rupees five Crores, in aggregate, by the Banks or Financial institutions, on the basis of security of current assets, we were informed by the management that no quarterly returns or statements have been filed by "the Company" with such banks and financial institutions during the year under report.

- III. As per the information and explanation given to us and in our opinion "the Company" has not made any investments or provided any loans or given any advance, guaranty or security to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013**



- IV. "the Company" has not entered into any transaction covered under section 185 of the Act. "the Company" has complied with the provisions of Sec.186 of the Act in respect of investments made. "the Company" has not given any loan, guarantees or provided security.
- V. During the year, "the Company" has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 as amended.
- VI. Maintenance of Cost records has been specified by the Central Government U/s. 148(1) of the Act for "the Company" and the prescribed accounts and records have been made and maintained by "the Company". However, we have not made a detailed examination of records with a view to determine, whether they are accurate and complete.
- VII. According to the information and explanations given to us, in respect of statutory dues:
- "the Company" has not been regular in depositing undisputed statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.
  - Details of statutory dues which have not been deposited as at March 31, 2024 on account of dispute are given below:

Nature of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Penalty u/s 270A	141.99	FY 2017-18	CIT(Appeals), Hyderabad
VAT & CST	Regular demand under Maharastra VAT Act, 2002	7.92	FY 2008-09	Jt. Commissioner Appeals, Maharastra
	Regular demand under Kerala VAT Act	6.93	FY 2011-12	Dy Commissioner Appeals, Kottayam
	Regular demand under CST Act	139.39	FY 2013-14	AP VAT Appellate Tribunal, Vishakapatnam
	Penalty under AP Vat Act, 2005	20.95	FY 2015-16	High Court of Judicature at Hyderabad for the state of Telangana
	Penalty for delay in payment of VAT	56.27	FY 2012-13	AP High Court
GST	Interest on excess availment of ITC	55.29	FY 2017-18	DC-Appeals, Pune
	Interest, and penalty excess ITC claimed	14.19	FY 2018-19	DC-Appeals, Pune
	Interest on excess availment of ITC	0.88	FY 2017-18 & FY 2018-19	DC-Appeals, Bhubaneswar
Customs	Penalty on in relation to Customs Duty on Ship Demurrage Charges at Krishna Patnam Port for the period from 2010-2014	44.00	FY 2010-11 to FY 2013-14	CESTAT - HYDERABAD

- VIII. According to the information and explanations given to us and in our opinion, there were no transactions which are not recorded in the Books of account but which have been surrendered or disclosed as income during the year in the Tax assessments under the Income Tax Act, 1961.
- IX. (a) "the Company" has defaulted in repayment of loans and other borrowings and in payment of interest thereon to:
- Loans and other borrowings from Banks / Financial Institutions:

We were informed by the management that as "the Company" has been disputing with its lending Banks on the loan matters including non-funding by the lenders as per the Corrective Action Plan (CAP) funding approved in the Joint Lenders Forum in 2015, the lenders have stopped issuing demands for interest/ instalments of loans, loan statements, information on the appropriation of partial payments made towards various loan accounts / Banks, NPA status of the loans and status of defaults of the loans, to "the Company". As a result of not getting the above details from the lenders, "the Company" has been accounting the interest as per the loan documents and is unable to reconcile the interest charged and the loan outstanding amount with that of the Banks. Hence, the management expressed its inability to furnish us the correct details of defaults in repayment of loans and payment of interest thereon and the period of default.

As the management could not furnish the information on defaults and since we did not get independent audit evidence, accordingly we are unable to determine and furnish the details of defaults in repayment of loans and other borrowings and payment of interest thereon to the lenders as required under sub-clause (a) of Clause (ix) of Para 3 of CARO, 2020.

(Refer Note Nos 14 and 26 in the standalone financial statements and Basis for Qualified Opinion section of Independent Auditor's Report dated 20.05.2024)

(ii) Loans and other borrowings from Government(s):

Defaults in repayment of loans and other borrowings from Government(s) are as under

Nature of borrowing, including debt securities	Name of lender	Amount not paid on due date (Rs.in lakhs)	Whether principal or interest	No. of days delay
Loans under the scheme BIPP	Dept. of Bio-Technology, Ministry of Science and Technology, Govt. of India	310.54	Principal Interest	2132
		224.25		2132
Sales tax deferment loan	Commercial taxes Dept., Govt. of A.P	1000.00	Principal	13

(b) "the Company" is not declared a willful defaulter by any bank or financial institution or other lender;

(c) "the Company" has not availed any Term loans during the year.

(d) According to the information and explanations given to us and on overall examination of the financial statements of "the Company", funds raised on short-term basis have, prima facie, not been utilized for long-term purposes.

(e) "the Company" has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates.

(f) "the Company" has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies.

X. (a) "the Company" has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us and on the basis of our examination of the records of "the Company", "the Company" has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year.

XI. (a) Based on examination of books and records of "the Company" and according to the information and explanations given to us, no material fraud by "the Company" or on "the Company" has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed in form ADT- 4 as prescribed under rule 13 of the companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by "the Company" during the year.

XII. "the Company" is not a Nidhi Company as per section 406 of "the Act".

XIII. In our opinion and according to the information and explanations given to us, "the Company" is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Note - 33 to standalone financial statements as required by the applicable accounting standards.

XIV. (a) In our opinion and based on our examination, "the Company" has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to "the Company" during the year, in determining the nature, timing and extent of our audit procedures.

XV. According to the information and explanations given to us, in our opinion during the year "the Company" has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act 2013 are not applicable to "the Company".

XVI. (a) "the Company" is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(b) "the Company" is not a Core Investment Company as defined in the regulation made by the Reserve Bank of India.

(c) "the Company" is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended).

**XVII.** "the Company" has incurred Cash losses in the current financial year and in the immediately preceding financial year amounting to Rs. 60599.9 Lakhs and Rs. 37,940.51 Lakhs respectively.

The effects, if any, arising on account of accounting for interest on bank loan as referred to in the "Basis for Qualified Opinion" is not considered as the amount is no quantified/ascertained.

**XVIII.** There has been no resignation of the Statutory Auditors of the company during the year.

**XIX.** On basis of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, material uncertainty exist as on the date of the audit report that whether "the Company" is capable of meeting its liabilities existing as on the date of balance sheet as and when they fall due within a period of one year from the balance sheet date, which depend on the outcome of the management plans on the discussions with its lenders to obtain approval for and implementation of appropriate debt resolution plan.

**XX.** "the company" has been incurring losses for the past few years, it does not fall under the purview of sec 135 of the Act.

**For P. Murali & Co.,**  
Chartered Accountants  
Firm Registration No: 007257S

**A Krishna Rao**  
Partner  
Membership No.020085  
UDIN: 24020085BKAUHK4123

Date: 20-05-2024  
Place: Hyderabad

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED of even date)

### Report on the Internal Financial Controls over Financial Reporting under Clause(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED (“the Company”) as of March 31st, 2024 in conjunction with our audit of the standalone financial statements of “the Company” for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls:

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility:

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### Meaning of Internal Financial Controls over Financial Reporting:

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company ;and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Qualified Opinion:

In our opinion except for the possible effects of the matter described in the “Basis For Qualified Opinion”, “the Company” has, in all material respects, reasonable internal financial controls system over financial reporting but not adequate and such internal financial controls over financial reporting were operating effectively as at March 31st, 2024, based on the internal control over financial reporting criteria established by “the Company” considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

For **P. Murali & Co.,**  
Chartered Accountants  
Firm Registration No: 007257S

**A Krishna Rao**  
Partner

Date: 20-05-2024  
Place: Hyderabad

Membership No.020085  
UDIN: 24020085BKAUHK4123





## Standalone Balance Sheet as at 31st March 2024

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b>1</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	3	66,992.50	1,35,256.20
	(b) Capital work-in-progress	3A	10.00	18.68
	(c) Financial Assets			
	(i) Investments	4	-	-
	(ii) Others	5	480.60	451.41
	(d) Deferred tax assets (net)	17	821.52	-
	<b>Sub - Total</b>		<b>68,304.62</b>	<b>1,35,726.29</b>
	<b>Current assets</b>			
	(a) Inventories	6	6,543.36	7,221.62
	(b) Financial Assets			
	(i) Trade receivables	7	43,925.95	39,693.79
	(ii) Cash and cash equivalents	8	1,017.05	1,789.20
	(iii) Bank balances, other than (ii) above	9	2,003.12	2,240.86
	(iv) Others	5	8,646.76	61.94
	(c) Current Tax Assets (Net)	10	60.49	243.29
	(d) Other current assets	11	7,535.79	7,221.36
	<b>Sub - Total</b>		<b>69,732.52</b>	<b>58,472.06</b>
	<b>Total Assets</b>		<b>1,38,037.14</b>	<b>1,94,198.35</b>
<b>2</b>	<b>EQUITY AND LIABILITIES</b>			
	Equity			
	(a) Equity Share capital	12	5,980.65	5,980.65
	(b) Other Equity	13	(3,41,057.30)	(2,12,834.89)
	<b>Sub - Total</b>		<b>(3,35,076.65)</b>	<b>(2,06,854.24)</b>
	<b>Liabilities</b>			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	-	1,213.06
	(ii) Other financial liabilities	15	6,905.51	6,983.06
	(b) Provisions	16	61.56	585.28
	(c) Deferred tax liabilities (Net)	17	-	477.13
	(d) Other non-current liabilities	18	-	-
	<b>Sub - Total</b>		<b>6,967.07</b>	<b>9,258.53</b>
	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	14	3,26,100.93	2,82,976.67
	(ii) Trade payables	19		
	(A) Total outstanding dues of Micro enterprises and Small Enterprises		132.81	83.85
	(B) Total outstanding dues of creditors other than micro and small enterprises.		1,35,802.35	1,04,485.32
	(iii) Other financial liabilities (other than those specified in item (c) below)	15	2,702.72	1,682.77
	(b) Other current liabilities	18	1,223.07	1,967.23
	(c) Provisions	16	184.84	598.22
	<b>Sub - Total</b>		<b>4,66,146.72</b>	<b>3,91,794.06</b>
	<b>Total Equity and Liabilities</b>		<b>1,38,037.14</b>	<b>1,94,198.35</b>

Corporate Information, Significant Accounting Policies and explanatory notes 1 to 47

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

**A. Sudhakara Rao**  
Chief Financial Officer

**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary

## Standalone Statement of Profit and Loss for the year ended 31st March 2024

Rs. in Lakhs

	Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
	<b>INCOME:</b>			
I	Revenue From Operations	20	4,76,538.60	5,64,220.16
II	Other Income	21	2,193.20	6,344.12
III	<b>Total Income (I + II)</b>		<b>4,78,731.80</b>	<b>5,70,564.28</b>
	<b>IV EXPENSES:</b>			
	Cost of materials consumed	22	2,44,098.22	2,84,873.12
	Purchases of Stock-in-Trade	23	129.53	478.23
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	24	1,083.10	(2,468.42)
	Power and Fuel		2,10,586.24	2,40,368.77
	Employee benefits expense	25	9,750.19	9,892.69
	Finance costs	26	47,912.63	52,594.29
	Depreciation and amortization expense	3	4,968.78	7,926.99
	Impairment losses	3	63,407.20	67,519.40
	Other expenses	27	26,558.91	23,093.28
	<b>Total expenses (IV)</b>		<b>6,08,494.80</b>	<b>6,84,278.35</b>
V	Profit/(loss) before exceptional items and tax (I- IV)		(1,29,763.00)	(1,13,714.07)
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		(1,29,763.00)	(1,13,714.07)
VIII	Tax expense:	28		
	(1) Current tax		-	-
	(2) Deferred tax		(1,374.13)	(23,705.03)
	Total Tax Expense (VIII)		(1,374.13)	(23,705.03)
IX	Profit/(loss) for the period (VII-VIII)		<b>(1,28,388.87)</b>	<b>(90,009.04)</b>
X	Other Comprehensive Income / (Loss)			
	A (i) Items that will not be reclassified to profit or loss		241.95	408.87
	A (ii) Income tax relating to items that will not be reclassified to profit or loss		(75.49)	(127.57)
	B (i) Items that will be reclassified to profit or loss		-	-
	B (ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total of Other Comprehensive Income / (Loss) (X)		<b>166.46</b>	<b>281.30</b>
XI	Total Comprehensive Income / (Loss) for the period (IX+ X)		<b>(1,28,222.41)</b>	<b>(89,727.74)</b>
XII	Earnings per equity share	40		
	(1) Basic (in Rupees)		(21.47)	(15.05)
	(2) Diluted (in Rupees)		(21.47)	(15.05)

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
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**Vijaya Bhasker M**  
Company Secretary



# Standalone Statement of Changes in Equity for the year ended 31st March 2024

## A. Equity Share Capital

### (1) Current reporting period (31.03.2024)

Rs. in Lakhs

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
5,980.65	-	5,980.65

### (2) Previous reporting period (31.03.2023)

Balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
5,980.65	-	5,980.65

## B. Other Equity

### (1) Current reporting period (31.03.2024)

Rs. in Lakhs

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium	Other Reserves (General Reserve)	Retained Earnings	Other items of Other Comprehensive Income (Defined Benefit Plans)	
Balance at the beginning of the current reporting period	51,853.85	1,09,619.35	13,379.72	(3,88,657.59)	969.78	(2,12,834.89)
Restated balance at the beginning of the current reporting period	51,853.85	1,09,619.35	13,379.72	(3,88,657.59)	969.78	(2,12,834.89)
Total Comprehensive Income for the current year	-	-	-	(1,28,388.87)	166.46	(1,28,222.41)
Balance at the end of the current reporting period	51,853.85	1,09,619.35	13,379.72	(5,17,046.46)	1,136.24	(3,41,057.30)
<b>(2) Previous reporting period (31.03.2023)</b>						
Balance at the beginning of the previous reporting period	51,853.85	1,09,619.35	13,379.72	(2,98,648.55)	688.48	(1,23,107.15)
Restated balance at the beginning of the previous reporting period	51,853.85	1,09,619.35	13,379.72	(2,98,648.55)	688.48	(1,23,107.15)
Total Comprehensive Income for the previous year	-	-	-	(90,009.04)	281.30	(89,727.74)
Balance at the end of the previous reporting period	51,853.85	1,09,619.35	13,379.72	(3,88,657.59)	969.78	(2,12,834.89)

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

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DIN:00015990

**Vijaya Bhasker M**  
Company Secretary

# Standalone Cash Flow Statement for the Year ended 31st March 2024

Rs. in Lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(1,29,763.00)	(1,13,714.07)
Adjustments:		
Depreciation and Amortisation	4,968.78	7,926.99
Impairment of Assets	63,407.20	67,519.40
Provision for Doubtful Debts / Advances	787.12	327.17
Finance Cost	47,912.63	52,594.29
Deferred government grant	(345.79)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	(628.79)	(6.89)
<b>Operating Profit before working capital changes</b>	<b>(13,661.85)</b>	<b>14,298.98</b>
Movements in working capital:		
Increase/(decrease) in trade payables	31,365.99	5,801.86
Increase/(decrease) in long term provisions	(281.77)	485.29
Increase/(decrease) in short term provisions	(413.38)	53.19
Increase/(decrease) in other current liabilities	(398.37)	(2,113.63)
Increase/(decrease) in other current financial liabilities	1,019.95	207.78
Increase/(decrease) in other long term liabilities	(77.55)	(3.67)
Decrease/(increase) in trade receivables	(5,019.28)	8,472.26
Decrease/(increase) in inventories	678.26	(2,581.40)
Decrease/(increase) in Non-current - Other Financial Assets	(29.19)	23.63
Decrease/(increase) in other current assets	(314.43)	(1,262.23)
Decrease/(increase) in other Current financial assets	(8,584.82)	699.00
Cash generated from/(used) in operations	<b>4,283.56</b>	<b>24,081.06</b>
(Direct Taxes Paid -net of refunds)		119.89
<b>Net cash flow from / (used) in operating activities</b>	<b>4,466.36</b>	<b>24,200.95</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP/Capital advances	(104.12)	(81.03)
Proceeds from Margin Money Deposits	237.74	5.89
Proceeds from Sale of fixed assets	629.31	9.16
<b>Net cash flow from / (used) in investing activities</b>	<b>762.93</b>	<b>(65.99)</b>
<b>C. Cash flow from Financing activities</b>		
Repayment of long term borrowings	(877.16)	(298.45)
Finance Costs paid	(13,857.86)	(31,690.29)
<b>Net cash flow from / (used) in financing activities</b>	<b>(14,735.02)</b>	<b>(31,988.74)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(9,505.73)</b>	<b>(7,853.78)</b>
<b>Cash and Cash Equivalents as at beginning of the year</b>	<b>(1,29,675.41)</b>	<b>(1,21,821.63)</b>
<b>Cash and Cash Equivalents as at end of the period</b>	<b>(1,39,181.14)</b>	<b>(1,29,675.41)</b>

**Notes:**

Rs. in Lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash and Cash Equivalents comprises of</b>		
Balances with Banks		
In Current Accounts	999.62	1,773.42
Cash on hand	17.43	15.78
Cash and Cash Equivalents	1,017.05	1,789.20
Less: Cash Credit	1,40,198.19	1,31,464.61
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	<b>(1,39,181.14)</b>	<b>(1,29,675.41)</b>

Accompanying Notes 1 to 47 form an integral part of the Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

**A. Sudhakara Rao**  
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**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary



## Notes forming part of the Financial Statements for the year ended March 31, 2024

**1 CORPORATE INFORMATION**

Nagarjuna Fertilizers & Chemicals Limited (The company/NFCL) is a public listed company domiciled in India, incorporated under the provisions of the Companies Act 1956. Its shares are listed on The Bombay Stock Exchange and The National Stock Exchange Of India. The registered office of the company is situated at D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082. The Company is principally engaged in the business of manufacturing and marketing of Fertilizers and Micro Irrigation Equipments.

**2 SIGNIFICANT ACCOUNTING POLICIES****2.1. Basis of preparation:**

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended, on accrual basis under the historical cost convention, except for Derivative financial instruments and certain financial instruments, which are measured at fair value.

The Financial Statements are presented in INR and all values are rounded to two decimals to the nearest lakhs, except when otherwise indicated.

The financial statements have been approved for issue by the Board of Directors of the Company in its meeting held on May 20, 2024.

**2.2. Use of estimates:**

The preparation of Financial Statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- i. Measurement of defined benefit obligations - Note 25.1
- ii. Recognition of deferred tax asset/Liability- Note 17
- iii. Fair Value Measurement of financial Instruments - Note 35
- iv. Recognition of subsidy income - Note 20
- v. Provision for doubtful trade receivables - Note 7

**2.3. Current versus non-current classification**

An asset or liability is classified as current if it satisfies any of the following conditions:

- i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- ii. the asset is intended for sale or consumption;
- iii. the asset/liability is held primarily for the purpose of trading;
- iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

For the purpose of current/non-current classification of assets and liabilities, the Company has decided its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

**2.4. Property, Plant and Equipment (PPE)**

Property, plant and equipment is stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

All repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as Capital work-in-progress.

Depreciation is provided on pro-rata basis under the straight-line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the following exception:

- Continuous Process Plants' are depreciated for 37 years based on the technical evaluation of useful life done by the management.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.



Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

## 2.5. Intangible assets

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Trademarks and Services: 10 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

## 2.6. Impairment of non-financial assets

Assessment for impairment is done at each Balance Sheet date for any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date for any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, in which case, a reversal of an impairment loss for an asset is recognised in the Statement of Profit and Loss account.

## 2.7. Inventories

Inventories are valued at the lower of cost and net realisable value. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs for different categories of inventories are as follows:

- Raw materials and Traded Products: Cost of purchase

and other costs incurred in bringing the inventories to their present location and condition.

- Finished goods and work in progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Net realisable value in the case of Urea is –

- the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and

- the net sale price in respect of finished goods lying in the warehouses outside the factory.

Raw materials, work-in-progress, stores, spares, packing material and loose tools are valued at weighted average cost, less provision for depletion in value, if any.

## 2.8. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 2.9. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

### A. Financial assets

#### (i) Initial recognition

On initial recognition, financial assets other than Trade Receivables are recognised at fair value. Transaction cost that are directly attributable to acquisition of financial assets that are not at fair value through profit and loss (FVTPL) are added to fair value on initial recognition.

#### ii) Subsequent measurement:

Financial assets which are debt instruments are subsequently measured on the following basis, depending on their classification

- amortized cost

- fair value through profit and loss (FVTPL)

- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

#### (iii) When financial assets are Equity Instruments:

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable elec-

tion to present in other comprehensive income (OCI) subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI.

Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

**(iv) De-recognition:**

The Company derecognizes a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the financial asset and at the transfer qualifies for de-recognition under IND AS 109.

**(v) Trade Receivables and Loans:**

Trade receivables that do not contain a significant financing component are measured at transaction price. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

**(vi) Impairment:**

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall. The impairment losses and reversals are recognised in Statement of Profit and Loss.

**B. Financial liabilities:**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**(i) Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost, net of directly attributable transaction costs.

**(ii) Subsequent measurement:**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

**(iii) Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**C. Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate risk of changes in exchange rates on foreign currency exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any gains or losses arising from re-measurement are dealt in Statement of profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges. Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS109, Financial Instruments, and hence categorized as financial assets or liability at fair value through profit or loss.

**D. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.10. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **2.11. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best esti-

mate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised. They are disclosed only when an inflow of economic benefit is probable from such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

#### **2.12. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discount and the schemes offered of the company as part of the contract.

The specific recognition criteria described below must also be met before revenue is recognised.

##### **Sale of Goods:**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In case of goods which are shipped subject to installation and inspection, revenue is normally recognized when the buyer accepts delivery, and installation and inspection are complete.

##### **Subsidy:**

Subsidy on Group Concession Price under Group Concession Scheme (GCS) and Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee, with adjustments for escalation / de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with known policy parameters in this regard.

##### **Rendering of services:**

Revenue from sale of services is recognised as per the terms of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

**Interest income:**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable using effective interest method .

**Dividends:**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**2.13. Employee benefits****(i) Gratuity:**

In accordance with the Payment of Gratuity Act, 1972 the Company provides gratuity as a defined benefit plan, to eligible Employees. Liability with regard to gratuity is determined by an independent actuary at every Balance Sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in the Balance Sheet as asset or liability. Gains or losses on re-measurements are recognized in Other Comprehensive Income (OCI). Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit and Loss.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss.

**(ii) Superannuation fund and provident fund:**

Superannuation and Provident Fund are in the nature of defined contribution plans.

The Company makes monthly contribution to approved superannuation fund covered by a policy with LIC of India. The Company has no further obligation beyond monthly contribution. The obligations under the said policy are accounted for on accrual.

The Company makes monthly contribution to the Provident Fund scheme and recognizes it as an expense, in the year in which employee renders the related service. The Company's Contribution towards Provident Fund is administered and managed by an approved trust. The Company has no obligation, other than the contribution payable to the Fund.

**(iii) Compensated absences:**

Liability for compensated absence is treated as a long term liability and is covered by a policy with Life Insurance Corporation (LIC). The estimated liability at each Balance Sheet date is determined by an independent actuary using the projected unit credit method and is recognised in the accounts accordingly.

**2.14. Taxes****(i) Current income tax:**

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or Other Comprehensive Income (OCI), in which case the tax is also recognized in equity or Other Comprehensive Income (OCI).

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax asset/liability is measured at the amount expected to be recovered from or paid to the taxation authorities.

**(ii) Deferred tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent there is no longer probable that the related tax benefit will be realized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.15. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

In the case of a loan or assistance provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The Grant is initially recognised and measured at fair value and subsequently measured in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments (financial liabilities). The government grant is measured as the difference between the initial carrying value of the loan and the proceeds received and recognised as income on a systematic basis over the periods the related costs, for which it is intended to compensate, are expensed.

**2.16. Leases**

The Company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.



The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

### 2.17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset in the period in which they are incurred, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Interest earned on temporary investments out of specific borrowings made for qualifying assets is deducted from the borrowing costs eligible for capitalisation to those assets.

### 2.18. Research and development costs

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure during research period is charged to Statement of Profit and Loss in the year in which it is incurred.

### 2.19. Foreign currency transactions

The Company's Financial Statements are presented in Indian Rupees, which is its functional currency.

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### Measurement of foreign currency items at reporting date:

Foreign currency denominated monetary assets and liabilities remaining unsettled at the end of the year are translated into functional currency at exchange rates prevailing at the Balance Sheet date. Exchange differences arising on translation of monetary items are recognised in Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated using exchange rate prevalent on the date of transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

### 2.20. Earnings per share

Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

### 2.21. Investments

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

### 2.22. Exceptional Items

Exceptional items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.



### 3. Property, Plant and Equipment:

Rs. in Lakhs

Particulars	Gross Block (At Cost)				Depreciation / Impairment						Net Block	
	As at March 31, 2023	Additions during the year	Deductions / Adjustments during the year	As at March 31, 2024	Depreciation Upto March 31, 2023	Impairment Upto March 31, 2023	Depreciation For the year	Impairment for the year	Deductions / Adjustments during the year	Total Upto March 31, 2024	As at March 31, 2024	As at March 31, 2023
Tangible Assets												
Land *	1,16,027.77	-	2,305.00	1,13,722.77	-	14,082.00	-	63,407.20 *	2,305.00	75,184.20	38,538.57	1,01,945.77
Buildings	12,873.46	-	-	12,873.46	5,877.36	3,682.00	208.53	-	-	9,767.89	3,105.57	3,314.10
Plant & Equipment	1,49,923.37	25.75	-	1,49,949.12	56,331.60	63,978.40	4,701.71	-	-	1,25,011.71	24,937.41	29,613.37
Furniture & Fixtures	107.93	1.22	4.15	105.00	88.70		4.14	-	3.88	88.96	16.04	19.23
Office Equipment	1,371.93	85.83	-	1,457.76	1,139.90		47.65	-	-	1,187.55	270.21	232.03
Vehicles	89.31	-	4.05	85.26	69.46		3.90	-	3.80	69.56	15.70	19.85
Roads, Drains & Culverts	132.14	-	-	132.14	66.92		2.85	-	-	69.77	62.37	65.22
Railway Siding	46.63	-	-	46.63	-		-	-	-	-	46.63	46.63
<b>Total</b>	<b>2,80,572.53</b>	<b>112.80</b>	<b>2,313.20</b>	<b>2,78,372.13</b>	<b>63,573.94</b>	<b>81,742.40</b>	<b>4,968.78</b>	<b>63,407.20</b>	<b>2,312.68</b>	<b>2,11,379.64</b>	<b>66,992.50</b>	<b>1,35,256.20</b>
Previous Year	2,80,492.25	86.10	5.81	2,80,572.53	55,650.48	14,223.01	7,926.99	67,519.40	3.54	1,45,316.34	1,35,256.20	2,10,618.76

\* Land:

- Does not include cost of 33.35 acres situated at Kakinada plant site, cost not ascertainable, which is in the possession and use of the Company, pending fixation of compensation by the State Government, pending registration of title in the name of the Company.
- Does not include cost of 14.06 acres situated at Kakinada Plant site, cost not ascertainable, pending completion of alienation and handing over of possession to the Company by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.
- Includes land of 1040.28 acres in Kakinada allocated by the Government of AP for setting up Ammonia/ Urea fertilizer plant, in which the company's urea manufacturing plants are situated. These lands were allocated/ awarded to the company by the State Government under its GOs and Agreements.
- Includes Rs. 4185.39 lakhs, the cost of 340.11 acres (104 cases) situated at Nellore, AP, which is in the possession of the Company but not registered in the name of the company due to defective title and has been fully impaired along with lands at Kapavaram and Wargal aggregating to Rs 14,082.00 lakhs in FY 2020- 21.

Refer Note 14 for details of PPE offered as security for Borrowings.

Refer Note 31 for details of PPE Impairment.

### 3A. Capital Work-In-Progress:

Rs. in Lakhs

Particulars	Gross (At Cost)			Impairment				Net	
	As at March 31, 2023	Additions during the year	Transfer to Tangible asset / Disposals / Deductions	As at March 31, 2024	Upto March 31, 2023	Impairment for the year	Total Upto March 31, 2024	As at March 31, 2024	As at March 31, 2023
CWIP - Plant and Equipment	776.68	85.05	93.72	768.00	758.00	-	758.00	10.00	18.68
<b>Total</b>	<b>776.68</b>	<b>85.05</b>	<b>93.72</b>	<b>768.00</b>	<b>758.00</b>	<b>-</b>	<b>758.00</b>	<b>10.00</b>	<b>18.68</b>
<b>Previous Year</b>	<b>781.75</b>	<b>62.33</b>	<b>67.40</b>	<b>776.68</b>	<b>758.00</b>	<b>-</b>	<b>758.00</b>	<b>18.68</b>	<b>23.75</b>

Refer Note No. 45(vi) for Ageing and completion schedules of CWIP

**4. Investments - Unquoted, At Cost, Non-current:**

Rs. in Lakhs

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	Cost	No. of shares	Cost
<b>In Subsidiaries, Equity Shares of Rs. 10/- each fully Paid-up</b>				
Jaiprakash Engineering and Steel Company Limited (JESCO) (Refer Note 4.1)	2,25,61,693	2,256.17	2,25,61,693	2,256.17
<b>Total - (A)</b>		<b>2,256.17</b>		<b>2,256.17</b>
<b>In Associates, In Equity Shares of RS.10/- each fully Paid-up</b>				
KVK Raju International Leadership Limited	1,50,000	15.00	1,50,000	15.00
<b>Total - (B)</b>		<b>15.00</b>		<b>15.00</b>
<b>Other Companies - Unquoted</b>				
Nagarjuna Agricultural Research and Development Institute Private Limited	25,020	2.50	25,020	2.50
<b>Total - (C)</b>		<b>2.50</b>		<b>2.50</b>
<b>Total - (A+B+C)</b>		<b>2,273.67</b>		<b>2,273.67</b>
Less: Provision for diminution				
- Subsidiaries		2,256.17		2,256.17
- Associates		15.00		15.00
- Other Companies		2.50		2.50
		<b>0.00</b>		<b>0.00</b>
Aggregate amount of Un-Quoted Investments		2,273.67		2,273.67
Aggregate amount of diminution in value of Investments		2,273.67		2,273.67

**4.1. JESCO went into Voluntary Liquidation under IBC with effect from April 25, 2022.**

After issuance of GO by Govt of Karnataka (KIADB) cancelling the allocation of land and after prolonged litigation (due to lack of cash flows to support operations and financial creditors), JESCO (a subsidiary of NFCL) with loans went into Voluntary Liquidation under IBC with effect from April 25, 2022. As per IND AS accounting standards shares of JESCO (part of non current assets) were accordingly fully provided for. The liquidator after completing all formalities of voluntary liquidation proceedings had filed the petition for dissolution of JESCO on 01.10.2023 with NCLT, Bangalore.

Subsequently, the company has been informed by JESCO and noted by the Board of Directors of NFCL on May 20, 2024, that the Liquidator of JESCO is of the opinion that the JESCO will not be able to pay its debts in full from the proceeds of assets to be sold in the liquidation and accordingly, the liquidator has filed a Memo for withdrawal from Voluntary Liquidation Proceedings and the same is dismissed By NCLT Bangalore as withdrawn vide order dated 16/04/2024. The financials of the subsidiary for the Quarter / Year ended 31st March 2024, received from JESCO have been consolidated. Sale of non core assets (non current assets other than core assets) is part of the recovery process by secured lender for OTS.

These shares were pledged in favour of Banks / Financial Institutions for the term loans availed by the Company. The loans have been repaid in full, awaiting release of pledge of shares.

**5. Other Financial Assets**

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Interest Accrued on Deposits and advances	-	-	29.87	10.51
Security Deposit	480.60	451.41	8,616.89	50.53
Other Receivables	-	-	-	0.90
	<b>480.60</b>	<b>451.41</b>	<b>8,646.76</b>	<b>61.94</b>



**6. Inventories:**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Raw materials	171.40	215.49
Work in progress	445.90	499.89
Finished Goods - Manufactured goods	1,195.15	1,647.62
Stock In Transit - Manufactured goods	2,151.50	2,675.77
Traded goods	872.10	924.48
Packing materials	177.08	125.57
Stores and Spares	1,527.19	1,130.69
Loose tools	3.04	2.11
<b>Total</b>	<b>6,543.36</b>	<b>7,221.62</b>

**7. Trade Receivables:**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Unsecured -Considered good	43,595.72	38,755.42
Which have significant increase in Credit Risk	788.37	1,630.41
Credit Impaired	7,265.99	6,244.97
	<b>51,650.08</b>	<b>46,630.80</b>
Less: Provision for doubtful debts	7,724.13	6,937.01
<b>Total</b>	<b>43,925.95</b>	<b>39,693.79</b>
7.1. Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-

7.2. Trade Receivables includes subsidy and other dues of Rs. 39,613.50\* Lakhs (Previous Year Rs. 37,819.30 Lakhs) receivable from Government of India and Rs. 6,768.96 Lakhs (Previous Year Rs. 5,805.44 Lakhs) from State Governments.

\*Includes Rs.59.57 lakhs due from SFAC on account of implementation of eNAM project. The company had closed the iKisan division operations due to severe financial constraints. As the Company is unable to perform the contractual obligations with SFAC for eNAM Project due to closure of iKisan division, the remaining contract work had been outsourced to a vendor who invested their resources to fulfil the contractual obligations of NFCL. As agreed, the entire amount receivable from eNAM project is payable to the vendor.

7.3. The subsidy due from GOI is being credited to an Escrow Account maintained with IDBI Bank. GAIL has a first preference as per Escrow Agreement entered among GAIL, NFCL, ACRE & IDBI.

Department of Fertilizers (DOF) has revised the Office Memorandum on subsidy sharing mechanism vide No 12012/30/2013-FPP dated 25.11.2021, to transfer 40% of subsidy to Gas Pool Fund Account and 60% to NFCL for its operations. Out of the company's share, GAIL has a first preference as per Escrow Agreement which was extended on 19.06.2023 till 30.06.2024.

**7.4 Trade Receivables ageing schedule**

Rs. in Lakhs

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>						
(i) Trade receivables	41,544.11	1,413.44	559.47	501.32	7,631.74	<b>51,650.08</b>
Less: Provision for Doubtful Debts	0.00	0.00	5.84	226.57	7,491.72	<b>7,724.13</b>
Net Receivables	41,544.11	1,413.44	553.63	274.75	140.02	<b>43,925.95</b>
<b>As at March 31, 2023</b>						
(i) Trade receivables	38,057.61	313.33	107.00	844.28	7,308.58	<b>46,630.80</b>
Less: Provision for Doubtful Debts			18.40	127.99	6,790.62	<b>6,937.01</b>
Net Receivables	38,057.61	313.33	88.60	716.29	517.96	<b>39,693.79</b>

**8. Cash and Cash Equivalents**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>Balances with Banks</b>		
Current Accounts	999.62	1,773.42
Cash on hand	17.43	15.78
<b>Total</b>	<b>1,017.05</b>	<b>1,789.20</b>

**9. Bank Balances (Other than the items reported at Note No.8)**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Margin Money Deposits	376.08	223.56
Amount lien marked to pay ACRE	1,627.04	-
Amount in earmarked account for payment to a creditor as per High Court Orders	-	2,017.30
<b>Total</b>	<b>2,003.12</b>	<b>2,240.86</b>

**10. Current Tax Assets (Net)**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Advance Income Tax	60.49	243.29
<b>Total (net)</b>	<b>60.49</b>	<b>243.29</b>

**11. Other Assets:**

Rs. in Lakhs

Particulars	Non Current		Current	
	Mar 31, 2024	March 31, 2023	Mar 31, 2024	March 31, 2023
i) Capital Advances				
Unsecured - considered doubtful	70.85	70.85	378.53	370.15
Less: Provision for Doubtful advances	70.85	70.85	-	-
<b>Total - A</b>	<b>-</b>	<b>-</b>	<b>378.53</b>	<b>370.15</b>
ii) Other Advances				
- Unsecured, considered good	-	-	6,368.67	6,027.36
- Unsecured, considered doubtful	-	-	362.11	362.11
	-	-	6,730.78	6,389.47
Less: Provision for Doubtful advances	-	-	362.11	362.11
<b>Total - B</b>	<b>-</b>	<b>-</b>	<b>6,368.67</b>	<b>6,027.36</b>
iii) Advances to directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-		-
iv) Prepaid Expenses	-	-	614.53	711.35
v) Gratuity fund - excess of plan assets over liability	-	-	174.06	-
vi) Balance with Government Authorities	-	-	-	112.50
<b>Total - C</b>	<b>-</b>	<b>-</b>	<b>788.59</b>	<b>823.85</b>
<b>Total - (A+B+C)</b>	<b>-</b>	<b>-</b>	<b>7,535.79</b>	<b>7,221.36</b>

**12. Share Capital**

Particulars	March 31, 2024		March 31, 2023	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
<b>Authorised</b>				
Equity Shares of Rs. 1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of Rs. 1/- each	1,80,00,00,000	18,000.00	1,80,00,00,000	18,000.00
<b>Total</b>		<b>80,100.00</b>		<b>80,100.00</b>
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of Rs. 1/- each fully paidup	59,80,65,003	5,980.65	59,80,65,003	5,980.65



**12.1. Reconciliation of the Number of Equity Shares of Rs. 1 each.**

Rs. in Lakhs

Particulars	March 31, 2024		March 31, 2023	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Less: On Cancellation	-	-	-	-
<b>Balance at the end of the year</b>	<b>59,80,65,003</b>	<b>5,980.65</b>	<b>59,80,65,003</b>	<b>5,980.65</b>

**12.2. Rights, Preferences and Restrictions attached to equity shares**

The Company's issued, subscribed and paidup capital comprises of equity shares of par value of Rs. 1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**12.3. Details of shareholders holding more than 5% of the Equity Shares of Rs. 1/- each**

Rs. in Lakhs

Name of the shareholder	March 31, 2024		March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Amlika Mercantile Private Limited	29,60,72,140	49.51	29,60,72,140	49.51

**Note:** The above shareholding is as per the records of the company, including its register of Shareholders/members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownership of shares.

**12.4. In the period of Five Years immediately preceding the date at which the Balancesheet is prepared -**

- Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil (P Y: Nil)
- Aggregate number and class of shares allotted as fully paid up by way of Bonus Shares - Nil (P Y: Nil)
- Aggregate number and class of shares bought back - Nil (P Y: Nil)

**12.5. Shareholding of Promoters as defined in the Companies Act, 2013**

Rs. in Lakhs

S. No.	Promoter Name	At the beginning of the year		At the end of the year		% change during theyear
		No. of Shares	% of total Shares	No. of Shares	% of total Shares	
1	Amlika Mercantile Private Limited	29,60,72,140	49.51	29,60,72,140	49.51	Nil
2	Governor of Andhra Pradesh	2,14,27,989	3.58	2,14,27,989	3.58	Nil
3	KRIBHCO	1,10,00,000	1.84	1,01,62,726	1.70	0.14
4	Fireseed Limited	88,00,000	1.47	88,00,000	1.47	Nil
5	Saipem SPA	44,00,000	0.73	44,00,000	0.73	Nil
	<b>TOTAL</b>	<b>34,17,00,129</b>	<b>57.13</b>	<b>34,08,62,855</b>	<b>56.99</b>	<b>0.14</b>

**13. Other Equity**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>i) Capital Reserve</b>		
Opening Balance	51,853.85	51,853.85
Changes during the year	-	-
Closing Balance	<b>51,853.85</b>	<b>51,853.85</b>
<b>ii) Securities Premium</b>		
Opening Balance	1,09,619.35	1,09,619.35
Changes during the year	-	-
Closing Balance	<b>1,09,619.35</b>	<b>1,09,619.35</b>
<b>iii) General Reserve</b>		
Opening Balance	13,379.72	13,379.72
Changes during the year	-	-
Closing Balance	<b>13,379.72</b>	<b>13,379.72</b>
<b>iv) Retained Earnings</b>		
Opening Balance	(3,88,657.59)	(2,98,648.55)
Add: Net Profit /(Loss) after tax for the year	(1,28,388.87)	(90,009.04)
Closing Balance	<b>(5,17,046.46)</b>	<b>(3,88,657.59)</b>
<b>v) Other Comprehensive Income</b>		
Items of other comprehensive income - which will not be reclassified to P & L :		
Remeasurement of post employment benefit obligations, net of tax		
Opening Balance	969.78	688.48
Add: for the year	166.46	281.30
<b>Closing Balance</b>	<b>1,136.24</b>	<b>969.78</b>
<b>Total [ i to v ]</b>	<b>(3,41,057.30)</b>	<b>(2,12,834.89)</b>



**Nature of Reserves**

- (a) **Capital Reserve:** During the composite scheme of arrangement and amalgamation, the excess of net assets taken over the cost of consideration paid is treated as capital reserve.
- (b) **Securities Premium:** The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.
- (c) **General Reserve:** The Company has transferred a portion of its net profit before declaring dividend to general reserve pursuant to the provisions of Companies Act 1956.
- (d) **Retained Earnings:** Retained earnings are the profits earned or loss incurred by the Company till date including OCI, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**14. Borrowings**

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>i) Term Loans - Secured</b>				
Rupee loans from Banks (CAP Loans, WCTL & CRL)	-	-	104,868.28	89,282.81
Rupee Loan from Other Parties - Dept. of Biotechnology, GOI	-	-	534.79	490.96
<b>ii) Rupee Loans repayable on Demand -Secured - from Banks</b>				
Cash Credit Facility and Short term Loans	-	-	218,354.37	191,191.91
<b>iii) Deferred Payment Liabilities - Unsecured</b>				
Sales tax Deferral from Government of AP	-	1,213.06	2,343.49	2,010.99
<b>Total</b>	<b>-</b>	<b>1,213.06</b>	<b>326,100.93</b>	<b>282,976.67</b>

**14.1 Details of Borrowings**

Rs. in Lakhs

S. No.	Borrowings	Non-Current		Current	
		o/s bal. as at 31.03.2024	o/s bal. as at 31.03.2023	o/s bal. as at 31.03.2024	o/s bal. as at 31.03.2023
<b>A</b>	<b>CAP Loans (WCTL)- from Banks, Secured **</b>				
1	I D B I Bank Limited (Sanctioned - Rs 34,000 lakhs)	-	-	21,800.00	21,800.00
2	State Bank of India(Sanctioned - Rs 22,200 lakhs)	-	-	16,648.24	16,648.24
3	ICICI Bank Limited(Sanctioned - Rs 8,400 lakhs)	-	-	5,460.00	5,460.00
4	UCO Bank(Sanctioned - Rs 1,300 lakhs)	-	-	1,007.50	1,007.50
	<b>Total Principal</b>	<b>-</b>	<b>-</b>	<b>44,915.74</b>	<b>44,915.74</b>
5	Interest accrued on the above loans	-	-	53,905.19	39,218.30
	<b>Total - (A)</b>	<b>-</b>	<b>-</b>	<b>98,820.93</b>	<b>84,134.04</b>
<b>B</b>	<b>Corporate Rupee Loans (CRL)-from Banks, Secured **</b>				
6	SBI -Corporate Loan (Sanctioned - Rs 5,000 lakhs)	-	-	2,398.24	2,398.24
7	Interest accrued on the above loans	-	-	3,649.11	2,750.53
	<b>Total - (B)</b>	<b>-</b>	<b>-</b>	<b>6,047.35</b>	<b>5,148.77</b>
<b>C</b>	<b>Term Loans -from others, Secured</b>				
8	Deptt of Bio Technology, GOI (Sanctioned - Rs 1,141.80 lakhs)	-	-	310.54	309.77
9	Interest accrued on the above loans	-	-	224.25	181.19
	<b>Total - (C)</b>	<b>-</b>	<b>-</b>	<b>534.79</b>	<b>490.96</b>
<b>D</b>	<b>Loans repayable on demand and STL - from Banks, Secured **</b>				
10	Cash Credit	-	-	140,198.19	131,464.61
11	Short Term Loan (STL) Takenover from UCO and ICICI	-	-	6,994.73	6,991.69
		-	-	147,192.92	138,456.30
12	Interest accrued on the above loans	-	-	71,161.45	52,735.61
	<b>Total - (D)</b>	<b>-</b>	<b>-</b>	<b>218,354.37</b>	<b>191,191.91</b>
<b>E</b>	<b>Deferred payment liabilities - Unsecured</b>				
13	Sales tax Deferral from Government of AP - Total - (E)	-	1,213.06	2,343.49	2,010.99
	<b>Grand Total (A to E)</b>	<b>-</b>	<b>1,213.06</b>	<b>326,100.93</b>	<b>282,976.67</b>

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. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.



**14.2 CAP Loans - Working Capital Term Loan (Part of CAP loans) \*\***

**14.2.1** Assessed Working Capital Term Loans (WCTL) - Rs 80,000 lakhs (Sanctioned Rs 65,900 lakhs and disbursed Rs 62,100 lakhs) are secured by first charge on the fixed assets (movable and immovable) of the Company both present and future on pari-passu basis among the lenders; first pari-passu charge on the entire current assets of the Company; pledge of core promoters' shares (26.16 Crores Shares) on pari-passu basis among the lenders and personal guarantees of Shri K S Raju and Shri K Rahul Raju, former Director and Managing Director of the Company respectively to the tune of Rs 80,000 lakhs. (Refer Note No 14.7)

**14.2.2 Details of terms of repayment of WCTL \*\*::**

S.No.	Bank / Institution	Rate of Interest %	Number of Instalments
a)	IDBI Bank Limited	BBR +3.00	23 Qly instalments commencing from July 2016
b)	State Bank of India	MCLR+4.10	23 Qly instalments commencing from July 2016
c)	ICICI Bank Limited	I-MCLR+4.35	23 Qly instalments commencing from July 2016
d)	UCO Bank	SBI Base rate + 4.50	23 Qly instalments commencing from July 2017

**14.2.3 Period and amount of default as on balance sheet date in repayment of WCTL and interest thereon \*\*::**

Particulars	As at 31.03.2024		As at 31.03.2023	
	Period of Default	Amount Rs.in Lakhs	Period of Default	Amount Rs.in Lakhs
<b>Principal</b>				
IDBI Bank Limited	0-2101 days	21,800.00	0-1735 days	21,800.00
State Bank of India	0-2101 days	16,648.24	0-1735 days	16,648.24
ICICI Bank Limited	0-1917 days	5,460.00	0-1551 days	5,460.00
UCO Bank	0-2028 days	1,007.50	0-1662 days	1,007.50
<b>Total</b>		<b>44,915.74</b>		<b>44,915.74</b>
<b>Interest</b>				
IDBI Bank Limited	0-1644 days	19,808.16	0-1278 days	13,887.67
State Bank of India	0-1919 days	25,175.17	0-1553 days	18,995.97
ICICI Bank Limited	0-1918 days	7,803.81	0-1552 days	5,503.10
UCO Bank	0-1887 days	1,118.06	0-1521 days	831.56
Others				
<b>Total</b>		<b>53,905.20</b>		<b>39,218.30</b>

**14.3. Corporate Rupee loan - SBI \*\*::**

Corporate Rupee loan from State Bank of India carries interest @ 4.60% above base rate with a minimum of 14.60%, is secured by first charge on hypothecation of chargeable current assets of the Company ranking pari-passu among lender banks in the consortium and collaterally secured by first / pari-passu on the fixed assets of the Company and personal guarantee of Shri K.S.Raju, former Director of the Company. The loan is repayable in 20 quarterly instalments commencing from December 2014.

**14.3.1 Period and amount of default as on balance sheet date in repayment of Corporate Loan to SBI and interest thereon \*\*::**

Particulars	As at 31.03.2024		As at 31.03.2023	
	Period of Default	Amount Rs.in Lakhs	Period of Default	Amount Rs.in Lakhs
Principal	0-2101 days	2,398.24	0-1735 days	2,398.24
Interest	0-2101 days	3,649.11	0-1735 days	2,750.53
<b>Total</b>		<b>6,047.35</b>		<b>5,148.77</b>

**14.4** The term loans (three loans) from Department of Bio Technology (DBT), Government of India for Process Development Unit carries simple interest of 2.0% per annum is secured by way of hypothecation of all equipment, apparatus, machineries, spares, tools and other accessories and goods and other movable properties of the company acquired for the project. The loans are repayable in 10 equal half-yearly instalments commencing from October 2014, June 2014 and October 2018 respectively.

**14.4.1 Period and amount of default as on balance sheet date in repayment of Loans to DBT and interest thereon.**

Particulars	As at 31.03.2024		As at 31.03.2023	
	Period of Default	Amount Rs.in Lakhs	Period of Default	Amount Rs.in Lakhs
Principal	0-2132 days	310.54	0-1766 days	309.77
Interest	0-2132 days	224.25	0-1766 days	181.19
<b>Total</b>		<b>534.79</b>		<b>490.96</b>

**14.5. Loans repayable on demand (Cash Credit & Short Term Loan) from Banks (Part of CAP loans) \*\***

Cash Credit Facility from 7 banks aggregating to Rs 3,05,000 lakhs (Rs 85,000 lakhs of Fund based and Rs 2,20,000 lakhs of Non Fund Based) are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares, present and future) of the company ranking pari-passu among the lenders in the consortium; second charge on the company's present and future immovable properties and fixed assets ranking pari-passu among the WC consortium members and personal guarantee of Shri K.S.Raju former Director and Shri. K Rahul Raju Managing Director of the Company for rectification of account with funding (CAP) which have been disputed in view of non implementation of Corrective Action Plan.

**14.5.1 Rate of interest, period and amount of default on borrowings and interest thereon under Cash Credit & Short term loan are as under \*\* :**

S.No.	Bank / Institution - Takenover by ACRE	Rate of Interest %	Period and amount of default on balance sheet date in repayment of borrowings and interest
a)	IDBI Bank Limited	5.25 + IDBI MCLR	The loans are in default for a period ranging from 6 to 7 years and the amount of default is Rs.2,18,354.37 lakhs, which are calculated as per the terms of CAP. (Previous year, default period ranging from 5 to 6 years and amount Rs 1,19,191.91 lakhs) (Refer Note 14.7)
b)	State Bank of India	4.3+Base rate (14%)	
c)	ICICI Bank Limited (including Short Term Loan)	3.25+Ibase (12.95%)	
d)	UCO Bank	4.5+sbi rate (13.8%)	
e)	Punjab National Bank	3.2+Base rate (13.45%)	
f)	Bank of India	4.3+base rate (14%)	
g)	Indian Overseas Bank	4.5+MCLR (14.2%)	

**14.6 Sales Tax Deferral Loan:**

The Government of Andhra Pradesh sanctioned Sales Tax deferral facility to the Company with a final eligibility of Rs.1,01,746.56 lakhs, subject to the restriction of loan to the actual Sales Tax collected on the sale of the products manufactured by the Company during the period of 14 years from 19.03.1998 to 18.03.2012. The Sales Tax deferred in a year should be repaid at the end of 14th year without interest. Repayment of this loan was commenced on March 19, 2012. The deferred Sales Tax outstanding as on March 31, 2024 is Rs. 2,343.49 Lakhs (Previous Year Rs.3,354.48Lakhs). As at the balance sheet date, the Company has defaulted in payment of instalment due on 19.03.2024 amounting to Rs. 1000Lakhs for a period of 13days (Previous year Rs 837.16 lakhs for a period of 13 days).

**14.7** The company is in default of principal and interest during the year on the borrowings from various lenders on account of non implementation of CAP. 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. 3,05,000 lakhs (Rs.85,000 lakhs under Fund Based & Rs.2,20,000 lakhs under Non-Fund Based) and Rs.80,000 lakhs of 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 non sanction / release of assessed funds by the lenders (non implementation of CAP), the company's account after the GAIL Pipe Line accident could not be rectified in 2015-16 and went into severe financial stress increasing indebtedness and losses resulting in defaults. 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 debt in the books (CAP loans) are disputed and are sub-judice. Pending resolution of the CAP loans and disputes (working capital and term loans in the books of the Company), the Company has been accounting for the interest / penal interest during the year on the borrowings as per the rate of interest mentioned in the sanction letters and as per CAP and other loan arrangements. This is not confirmation of dues. Adjustments, if any, for the principal, interest and penal interest accounted will be dealt on the outcome of the Debt Resolution Plan agreed by the company and lenders.

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 the Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. 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 since 6 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.

Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

The 100% cash margin of Rs. 8,550.00 lakhs deposited for providing Bank Guarantee for gas supplies, has been adjusted by the lenders unilaterally without informing or taking approval from the company Rs 1,723.78 lakhs and Rs 6,826.22 lakhs against outstanding during FY 2021-22 and FY 2020-21 respectively along with interest. While the company has reduced the amount from the outstanding loans, the adjustment and the outstanding have been disputed by the company. Details of appropriation of the margin money adjusted Bank-wise were also not made available to the Company.

During the year the above Bank Guarantee issued to GAIL had been invoked and honoured by IDBI Bank Limited. Accordingly the balances in the Cash Credit account of IDBI Bank Limited has been increased by Rs. 8,550.00 Lakhs.

## 15. Other Financial Liabilities

Rs. in Lakhs

Particulars	Non-current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Deposits from dealers	6,690.36	6,768.09	1,429.17	344.86
Other Deposits - (Retention Money, EMD etc.)	215.15	214.97	25.00	25.00
Creditors for purchase of fixed assets	-	-	1,248.55	1,312.91
<b>Total</b>	<b>6,905.51</b>	<b>6,983.06</b>	<b>2,702.72</b>	<b>1,682.77</b>

## 16. Provisions

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Provision for employee benefits (Refer Note 25.1)				
- for Leave Benefit (net of plan assets)	61.56	585.28	184.84	359.46
- Gratuity	-	-	-	238.76
<b>Total</b>	<b>61.56</b>	<b>585.28</b>	<b>184.84</b>	<b>598.22</b>

## 17. Deferred Tax Liabilities (Net)

### 17.1 Deferred Tax Liability comprises of the following:

Rs. in Lakhs

Particulars	Nature	March 31, 2024	March 31, 2023
Depreciation / amortization	Liability	6,859.52	8,072.83
Employee benefit provision	Asset	76.88	369.24
Unabsorbed Loss and Depreciation under tax laws	Asset	7,562.72	7,226.46
Disallowances u/s 43B of Income Tax Act	Asset	41.44	-
	<b>Net Liability</b>	<b>(821.52)</b>	<b>477.13</b>

### 17.2 Reconciliation of Defered Tax

Rs. in Lakhs

Particulars	As at 31-Mar-22	Recognized during the Year	As at 31-Mar-23	Recognized during the Year	As at 31-Mar-24
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation/ Amortisation)	31,226.17	(23,153.34)	8,072.83	(1,213.31)	6,859.52
<b>Total deferred tax liability (A)</b>	<b>31,226.17</b>	<b>(23,153.34)</b>	<b>8,072.83</b>	<b>(1,213.31)</b>	<b>6,859.52</b>
<b>Deferred tax assets:</b>					
Carry forward Business Loss / Unabsorbed Depreciation	6,842.76	383.70	7,226.46	336.26	7,562.72
Employee benefit provisions	328.82	40.42	369.24	(292.36)	76.88
Disallowances u/s 43B(h) of Income Tax Act	-	-	-	41.44	41.44
<b>Total deferred tax assets (B)</b>	<b>7,171.58</b>	<b>424.12</b>	<b>7,595.70</b>	<b>85.34</b>	<b>7,681.04</b>
<b>Deferred Tax liability (Net) (A-B)</b>	<b>24,054.59</b>	<b>(23,577.46)</b>	<b>477.13</b>	<b>(1,298.65)</b>	<b>(821.52)</b>

**18. Other Liabilities**

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Fair value adjustment - Government Grants				
- Sales tax deferral	-	-	-	343.67
- Loan from Dept. Bio-Technology (Refer Note 14)	-	-	-	2.12
Others				
Employee costs payable	-	-	699.03	839.48
Insurance Claim received pending final settlement	-	-	0.96	-
Statutory dues Payable	-	-	467.00	781.96
Others Dues Payable	-	-	56.08	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,223.07</b>	<b>1,967.23</b>

**19. Trade Payables**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
(A) Due to Micro, Small, Medium Enterprises (MSMEs)	132.81	83.85
(B) Due to Other than MSMEs	1,35,802.35	1,04,485.32
	<b>1,35,935.16</b>	<b>1,04,569.17</b>

19.1. Dues to Micro and Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company. Disclosures under MSMED Act are given below:

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
A. Principal amount remaining unpaid	132.81	83.85
B. Interest due thereon	19.12	41.47
C. Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
E. Interest accrued and remaining unpaid	19.12	41.47
F. Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

**19.2 Trade Payables ageing schedule as on 31-03-2024**

Rs. in Lakhs

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME Creditors	122.29	-	1.19	9.33	132.81
Previous Year	33.19	0.42	-	50.24	83.85
(ii) Other Creditors	1,26,487.35	959.55	334.46	8,020.99	1,35,802.35
Previous Year	96,496.53	451.93	282.89	7,253.97	1,04,485.32
<b>Total</b>	<b>1,26,609.64</b>	<b>959.55</b>	<b>335.65</b>	<b>8,030.32</b>	<b>1,35,935.16</b>
<b>(Previous Year)</b>	<b>96,529.71</b>	<b>452.35</b>	<b>282.89</b>	<b>7,304.22</b>	<b>1,04,569.17</b>

**20. Revenue from Operations**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
<b>Sales, including Subsidy on products &amp; freight</b>		
<b>Manufactured goods</b>		
Urea (Refer Note 20.1) *	4,73,905.69	5,62,778.18
Customised Fertilizers	-	377.13
Extruded Irrigation systems	2,578.70	941.64
<b>Total</b>	<b>4,76,484.39</b>	<b>5,64,096.95</b>
<b>Traded goods</b>		
Specialty Fertilizers	26.63	-
<b>Total</b>	<b>26.63</b>	<b>-</b>
<b>Total Sale of Products</b>	<b>4,76,511.02</b>	<b>5,64,096.95</b>
<b>Sale of Services</b>	<b>-</b>	<b>-</b>
<b>Other Operating revenues (sale of scrap, waste.)</b>	<b>27.58</b>	<b>123.21</b>
<b>Total</b>	<b>4,76,538.60</b>	<b>5,64,220.16</b>

\* including Government Subsidy of ₹ 4,04,754.29 Lakhs (Previous Year Rs.5,03,573.11 Lakhs).



**20.1. Group Concession Scheme – (GCS) Subsidy**

- i. Nitrogenous fertilizers (Urea) are under the Group Concession Subsidy scheme of Government of India (GOI), Department of Fertilizers. GOI has notified New Urea Policy (NUP)-2015 from 1st June, 2015 to 31st March, 2019. GOI vide its notification dated 14th May, 2019 has extended the duration of NUP-2015 from 1st April, 2019 till further orders. Gas Pooling Policy applicable to Fertilizer industry effective from June 1, 2015. Concession rates for Plant-1 and Plant 2 for the period April 1, 2023 to December 31, 2023 have been recognized based on notified rates as per respective policies.

Further De-escalations Rs.8,790.77 Lakhs (Previous year De-escalations Rs. 20,732.96 Lakhs), have been accounted for during the year as per the gas pool prices and provisions applicable under NPS-III, Modified NPS-III, NUP-2015 and Letter dated March 30, 2020 related to Modified NPS-III policy. Adjustments, if any, required will be considered on notification of final prices.

- ii. Government of India / Department of Fertilizers has implemented Direct Benefit Transfer (DBT) in Fertilizer Sector in all the States of the Country from 1st March, 2018. The subsidy income for the period April, 2023 to March, 2024, has been recognized in the accounts for the entire quantities received in the States under DBT scheme.

**21. Other Income**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Interest on Bank Deposits and others	34.61	21.69
Fair value adjustment - Government Grants	345.79	347.91
Other non-operating income	1,184.02	5,967.63
Profit on sale of PPE	628.78	6.89
<b>Total</b>	<b>2,193.20</b>	<b>6,344.12</b>

**22. Cost of Materials consumed**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Natural Gas	2,37,346.99	2,78,217.47
Plastic Granules	536.28	776.80
Others	1,205.77	1,035.34
Packing Material	5,009.18	4,843.50
<b>Total</b>	<b>2,44,098.22</b>	<b>2,84,873.12</b>

**23. Purchases of Stock-in-Trade**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Packing Material	12.14	32.30
Others	117.39	445.93
<b>Total</b>	<b>129.53</b>	<b>478.23</b>

**24. Changes in inventories of finished goods, stock-in-trade and work in progress:**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Inventories at the beginning of the year		
Traded goods	924.48	989.71
Finished Goods	4,323.39	1,843.86
Work in Progress	499.89	445.77
<b>Total - (A)</b>	<b>5,747.76</b>	<b>3,279.34</b>
Inventories at the end of the year		
Traded goods	872.10	924.48
Finished Goods	3,346.66	4,323.39
Work in Progress	445.90	499.89
<b>Total - (B)</b>	<b>4,664.66</b>	<b>5,747.76</b>
<b>Decrease in Inventory (A-B)</b>	<b>1,083.10</b>	<b>(2,468.42)</b>

**25. Employee Benefits Expense**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Salaries and Wages	8,534.64	8,690.91
Contribution to Provident and Other Funds	462.78	509.76
Staff Welfare Expenses	752.77	692.02
<b>Total</b>	<b>9,750.19</b>	<b>9,892.69</b>

## 25.1 Employee benefits

### Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees including whole time directors. Under the plans the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall if any, shall be provided for by the Company.

Contributions to these Defined Contribution Plans, charged to Statement of Profit and Loss during the year are as under:

Rs. in lakhs

Particulars	Year ended March 2024	Year ended March 2023
Employer's contribution to provident fund	187.56	201.41
Employer's contribution to Superannuation fund	43.64	53.42
Employer's contribution to Pension scheme	119.02	125.67

\* including Government Subsidy of ₹ 4,04,754.29 Lakhs (Previous Year Rs.5,03,573.11 Lakhs).

### Defined Benefit Plans

The employees' gratuity fund and leave encashment (PL) schemes managed by Life Insurance Corporation of India are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Changes in the present value of the defined benefit obligation are, as follows:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
<b>Defined benefit obligation at April 1, 2022</b>	<b>2,055.11</b>	<b>775.31</b>
Current service cost	105.67	100.00
Interest expense	138.48	361.03
Benefits paid	(321.50)	(350.89)
Actuarial (gain)/ loss on obligations - OCI	(1.95)	(149.34)
<b>Defined benefit obligation at March 31, 2023</b>	<b>1,975.81</b>	<b>736.11</b>
Current service cost	97.96	110.99
Interest expense	137.37	-
Benefits paid	(288.51)	(112.19)
Actuarial (gain)/ loss on obligations - OCI	(113.39)	-
<b>Defined benefit obligation at March 31, 2024</b>	<b>1,809.24</b>	<b>734.92</b>

Changes in the fair value of plan assets are, as follows:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
<b>Fair value of plan assets as at April 1, 2022</b>	<b>1,918.32</b>	<b>91.83</b>
Contribution by employer	11.86	30.55
Interest income	128.91	3.40
Benefits paid	(321.50)	(121.26)
Return on plan assets (excluding amounts included in net interest expense) - OCI	(0.54)	(1.23)
<b>Fair value of plan assets as at March 31, 2023</b>	<b>1,737.05</b>	<b>3.29</b>
Contribution by employer	414.67	700.94
Interest income	135.01	26.53
Benefits paid	(288.51)	-
Return on plan assets (excluding amounts included in net interest expense) - OCI	(14.92)	(26.36)
<b>Fair value of plan assets as at March 31, 2024</b>	<b>1,983.30</b>	<b>704.40</b>

Reconciliation of fair value of plan assets and defined benefit obligation:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Fair value of plan assets at March 31, 2023	1,737.05	3.29
Defined benefit obligation at March 31, 2023	1,975.81	736.11
<b>Amount recognised in the Balance Sheet at March 31, 2023</b>	<b>(238.76)</b>	<b>(732.82)</b>
Fair value of plan assets at March 31, 2024	1,983.30	704.40
Defined benefit obligation at March 31, 2024	1,809.24	734.92
<b>Amount recognised in the Balance Sheet at March 31, 2024</b>	<b>174.06</b>	<b>(30.52)</b>

**Amount recognised in Statement of Profit and Loss:**

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Current service cost	97.96	110.99
Net interest expense	2.36	(26.53)
Remeasurement of Net Benefit Liability/ Asset	-	-
<b>Amount recognised in Statement of Profit and Loss for year ended March 31, 2024</b>	<b>100.32</b>	<b>84.46</b>
Current service cost	105.67	100.00
Net interest expense	9.57	357.63
Remeasurement of Net Benefit Liability/ Asset	-	-
<b>Amount recognised in Statement of Profit and Loss for year ended March 31, 2023</b>	<b>115.24</b>	<b>457.63</b>

**Amount recognised in Other Comprehensive Income:**

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Actuarial (gain)/ loss on obligations	(113.39)	-
Return on plan assets (excluding amounts included in net interest expense)	14.92	26.36
<b>Amount recognised in Other Comprehensive Income for year ended March 31, 2024</b>	<b>(98.47)</b>	<b>26.36</b>
Actuarial (gain)/ loss on obligations	(1.95)	(149.34)
Return on plan assets (excluding amounts included in net interest expense)	0.54	1.23
<b>Amount recognised in Other Comprehensive Income for year ended March 31, 2023</b>	<b>(1.41)</b>	<b>(148.11)</b>

**The major categories of plan assets of the fair value of the total plan assets are as follows:**

Rs. in Lakhs

Investment Details	March 31, 2024		March 31, 2023	
	Gratuity Funded	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded
Gratuity Fund (LIC)	1,983.30	704.40	1,737.05	3.29

**The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**

Particulars	March 31, 2024	March 31, 2023
<b>Discount rate (in %)</b>		
Gratuity	7.22%	7.50%
Leave Encashment	7.22%	7.50%
<b>Salary Escalation (in %)</b>		
Gratuity	6.00%	6.00%
Leave Encashment	6.00%	6.00%
<b>Rate of return in plan assets (in %)</b>		
Gratuity	7.22%	7.50%
Leave Encashment	7.22%	7.50%
<b>Expected average remaining working lives of employees (in years)</b>		
Gratuity	16.50	16.56
Leave Encashment	16.50	16.56

**A quantitative sensitivity analysis for significant assumption as at March 31, 2024 is as shown below:**

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Rs. in Lakhs

Particulars	Gratuity	Leave encashment
<b>Discount rate</b>		
+1%	78.26	21.52
-1%	(86.96)	(23.21)
<b>Salary growth</b>		
+1%	(97.69)	(27.90)
-1%	89.60	26.39

The following payments are expected contributions to the defined benefit plan in future years:

Rs. in Lakhs

Year ending March 31,	Gratuity 2024	Leave encashment 2024
2025	353.23	205.66
2026	270.76	141.41
2027	253.94	124.11
2028	269.43	102.78
2029	206.66	77.59
2030 - 2034	640.11	203.17
<b>Total expected payments</b>	<b>1,994.13</b>	<b>854.72</b>

The average duration of the defined benefit plan obligation

No. of Years

Particulars	March 31, 2024	March 31, 2023
- for gratuity	6.00	5.58
- for leave encashment	4.00	5.01

## 26. Finance costs

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Interest on Term Loans	15,629.10	13,420.89
Interest on Short term borrowings	22,215.39	21,498.72
<b>Total Interest</b>	<b>37,844.49</b>	<b>34,919.61</b>
Other borrowing costs - Bank Charges	10,068.14	17,674.68
<b>Total</b>	<b>47,912.63</b>	<b>52,594.29</b>

**26.1** During the year, the company is in default of principal and interest on the borrowings from various lenders on account of financial stress. The lenders have classified the company's loan accounts as NPA in the financial year 2018-19 and continuing the same status in the current year too. Pending receipt of interest demands and confirmation of balances of loans from various lenders, the Company has been accounting the interest / penal interest as per the rates of interest mentioned in the sanction letters, Corrective Action Plan (CAP) and other loan documents. Adjustments, if any, for the interest and penal interest accounted, will be made on getting the information from the lenders.

## 27. Other Expenses

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Chemicals and consumables	1,063.35	1,037.63
Rent	118.31	125.33
Rates and Taxes	249.83	207.93
Electricity and Water	81.90	82.34
Stores and Spares Consumed	498.99	408.38
Repairs and Maintenance:		
to Buildings	5.86	6.40
to Plant and Machinery	587.87	439.55
to Others	532.88	416.77
Insurance	846.49	918.29
Printing and Stationery	30.88	24.15
Postage, Telephone and Telex	39.25	51.12
Travelling and Conveyance	602.07	547.46
Advertisement and Publicity	188.01	13.86
Employee Recruitment and Training	5.27	9.06
Legal, Secretarial and Share Registry Exp	468.29	515.30
Professional and Consultancy	208.90	108.71
Directors Sitting Fees	9.30	7.65
Payment to Auditors (Refer Note 39)	75.95	65.65
Transport and Handling	18,929.97	16,131.51
Distribution	663.72	572.91
Sales Commission / discounts / rebates	-	38.39
Bad Debts / Advances written off	-	0.57
Provision for doubtful debts	787.12	327.17
Loss on foreign currency transactions	13.31	323.94
Miscellaneous Expenses	551.39	713.21
<b>Total</b>	<b>26,558.91</b>	<b>23,093.28</b>



**28. Tax expense Reconciliation**

a) The major components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are as follows:

**(i) Statement of Profit & Loss**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
<b>1. Current Tax</b>		
Current tax expense for the current year	-	-
Current tax expense pertaining to prior periods	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>2. Deferred Tax</b>		
Deferred tax expense for current year	(1,374.13)	(23,705.03)
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>(1,374.13)</b>	<b>(23,705.03)</b>
<b>(ii) OCI Section</b>		
Income tax charged to OCI	(75.49)	(127.57)
<b>Net Total Tax Expense</b>	<b>(1,298.64)</b>	<b>(23,577.46)</b>

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Accounting profit before tax from continuing operations	(1,29,773.42)	(1,13,718.22)
Accounting profit before tax from discontinuing operations	-	-
<b>Accounting profit before income tax</b>	<b>(1,29,773.42)</b>	<b>(1,13,718.22)</b>
<b>Income tax Rate (%)</b>	<b>31.20</b>	<b>31.20</b>
Income tax	(40,489.31)	(35,480.08)
Current year losses on which deferred tax asset not considered	9,147.09	2,856.72
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	30,043.58	9,045.90
<b>Net tax Expense charged to P&amp;L</b>	<b>(1,298.64)</b>	<b>(23,577.46)</b>

(c) As at the end of the year, the Company has a total unabsorbed loss and depreciation of Rs. 1,45,441.52 Lakhs (March 31, 2023: Rs1,14,385.38 Lakhs). Deferred tax asset in respect of unabsorbed depreciation and carried forward loss under the Tax Laws are recognised only if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

(d) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities as they relate to income taxes levied by the same tax authority.

**29. Material Uncertainty on the Holding Company's ability to continue as a going concern and appropriateness of use of going concern basis of accounting in preparation of financial statements :**

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 Pipe Line 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 interest of all stakeholders (valid till June 30, 2024). 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, 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. The Hon'ble High Court granted stay against any proceedings that may be initiated by the lenders against the company until further orders and the matter is awaiting final orders. Further, the company had filed contempt cases against 3 lenders who have filed petitions under IBC in violation of the above stay orders of High Court and the matter is disposed of without cost by the court.

In view of operating only one plant (out of the two plants) due to lack of working capital, the losses continued, resulting in substantial erosion of net worth and the company faced liquidity issues. As a result of continuous losses, the company's financial position has become very weak, and it is unable to meet its commitments to the financial and other creditors including statutory dues on the due dates. Due to default in paying the instalments and interest, the lenders have declared the loans to the company as Non-Performing Assets in 2018 (instead of 2015) and the status is continuing till date. As a result of treating the loans as NPAs by the lenders, all the borrowings, with a qualification of dispute, have been recorded as current liabilities in the Books / Financial statements of the company, leading to the situation that the current liabilities are in excess of current assets in the last four financial years. As at the year end, the company's current liabilities exceeded current assets by Rs. 3,96,414.20 Lakhs.

All the above events / conditions indicate material uncertainty which cast a significant doubt on the company's ability to continue as a Going Concern.

However, the company's management assessed the company's ability to continue as a Going Concern in which the company considered the following events / conditions, which individually / collectively have contributed in concluding that use of Going Concern basis of accounting is appropriate for this year.

- The company is continuously pursuing with the lenders for resolution of all the disputes amicably and for an acceptable resolution plan to make the company functional successfully.
- Despite the weak financial condition of the company, the company continued the production and supply of goods and able to produce Urea during the year is 13.10 LMT as against 11.20 LMT in 2022-23
- The lenders, to enable the company to generate the Cash flows, have approved the facility of 'Holding on Operations' (HOO) in December 2018 and have been extending the same from time to time, in the interest of all the stakeholders. The last extension is valid till June 30, 2024.
- The management has no intention to close the plants.
- There is no change in law, regulation or government policy which is adversely affecting the company.
- All the Key management personnel in all the operating areas are continuing and no loss of personnel at any level in the company.
- The Product of the company is administered under the essential commodities Act 1955. The production, distribution, pricing are controlled by the Department of Fertilizers, Government of India. As such, there is no loss of market / customers for the company's product.
- With such a weak financial position, the company, during the year 2023-24 could still sell 13.08 lakh MT as against 11.20 lakh MT of Urea in 2022-23
- The major supplier of Gas, which is the Raw Material and Power and Fuel, M/s GAIL (India) Limited continue to supply Gas under the Gas Purchase and Sale Agreement which is effective from 07th July 2021 and is valid till 06th July 2026 under liberal terms of payment.
- The Company maintained good relationship with the personnel at all levels and there are no issues with the Labour.
- The company has been paying all the statutory dues, though with some delay and complying with all the applicable Laws.
- There is no entry of fresh competitors to the product of the company despite the fact that the India's requirement of Urea is about 36 Million Tons which is far in excess of production capacity of the country at 28 Million Tons and the Government of India continue to import Urea at a very high price. Hence, there is no issue of lack of marketability or competition for the product of the company which is covered under the administered pricing mechanism of the Government.
- There is no under insurance for the assets of the company in the events of major catastrophe.
- The company's industry is a major capital-intensive Industry with highly regulated operations. The Government cannot afford to close the operations of the company as the demand for the product is huge and any shortage would affect the food security of the country.
- The company is exploring various avenues to resolve the financial crisis and sought the help of the Government of India for revision of energy norms and hoping for positive response from the Government.

- The Government of India has made an arrangement wherein the GAIL would supply the required Gas for which part payment only will be made by the company and the lenders also would get part payment of their dues.
- The company is confident of running the operations as the government has allowed the Gas supply to continue till 30.09.2024 vide their Office Memorandum dated 8th March 2024.

In the light of all the above, the Management concluded that the company is a Going Concern and accordingly use of the Going Concern basis of accounting in the preparation of the financial statements for the year ended 31, March 2024 is appropriate.

**30.** The Company has received a demand notice dated 20th May 2023 U/s 13(2) of the SARFAESI Act from Lender (Secured Creditor) to repay total outstanding dues of Rs 3,344.37 Crs, failing which Lender (Secured Creditor) 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 Lender (Secured Creditor) reverted 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.

ACRE subsequently taken symbolic possession of the scheduled assets of the Company in its favour on October 12, 2023.

The company while continuing to work and was optimistic on fulfilling the critical CPs for the closure of the slump sale transaction has formally applied to ACRE for OTS as approved by the Board and Shareholders (without any prejudice to the rights of NFCL regards to ongoing debt disputes). ACRE on the 31st of October 2023 replied to the company's OTS proposal that the Settlement Proposal submitted to ACRE is not binding and tentative on fulfilment on CPs (which was tentative amongst other things energy claim approval/disbursal by Govt) and therefore was unable to consider and/or appraise the Settlement Proposal and communicated that it would continuing to pursue the SARFAESI process.

Given the uncertainties of energy claim approval/reimbursement by GOI, the consequences of SARFAESI process in case the lender is unable to recover the total amounts due and to ensure an amicable debt resolution to ensure continuation of operation post debt resolution 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 provided by the Board for negotiations with ACRE on December 24, 2023, was 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 engaged with and vide letter agreement dated 12th January agreed to cooperate with ACRE, without prejudice to the rights of the company and guarantors for a One Time Settlement (OTS) under SARFAESI/directly. The OTS amount is the amount recovered by ACRE under SARFAESI through sale of core assets plus Rs 200 Crores through sale of non-core assets (non-current assets of the company). While the current assets are also fully charged to the secured creditor in case the OTS with ACRE is successful the current assets including energy claims would be primarily utilised by the company to settle operating creditors dues.

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). 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 email to the company dated January 17, 2024. ACRE in their public auction notice stated that as of December 2023 the company owed ACRE around Rs 3858 Crs including interest.

The Company has received an email communication dated April 17, 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 line with the terms of the sale.

It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, in terms of the provisions of SARFAESI Act, 2002, read with rules made thereunder, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration in accordance with the terms of SARFAESI Act, 2002 and the rules.

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 shall take effect along with or after receipt of sale consideration from the sale of Core Assets under SARFAESI Act, 2022, by ACRE. The borrower/NFCL has since deposited the proceeds/advances it received from the sale into the lien marked Fixed Deposits as mandated by ACRE.

Considering the uncertainties and final outcome of the result of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking into account of the future plans of the company for continuation of business operations post debt settlement and given the above background on its efforts for OTS as Debt Resolution, the management is of the opinion that the preparation of the financial statements for the year ended 31st March 2024 as a Going Concern basis is still appropriate.

ACRE has taken symbolic possession to enable them to start the auction process, but has not imposed any restrictions on the operations of the company as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in the normal course of business. Subsidy claims are being raised in the name of the company as per the procedures laid by the Government and Subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial statements are prepared on a going concern basis, the Property, Plant and Equipment are continued to be disclosed as non-current operating assets at its carrying value.

### 31. Impairment of Property Plant & Equipment

Basis the economic indicators on performance of Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 by the management and perceive that there is no further impairment loss required to be recorded as there are no changes in the conditions prevalent as on the date of this balance sheet compared to the Balance Sheet as at 31 March 2023 (Previous year impairment loss of Rs. 67,519.40 Lakhs accounted for Plant & Machinery located at Kakinada Rs.63,224.23 lakhs, Micro Irrigation Plants at Nacharam Rs. 379.01 Lakhs, Sadasivpet Rs. 30.98 Lakhs and Halol Rs. 203.18 Lakhs and Buildings of Urea plant at Kakinada Rs. 3,509.40 lakhs and Corporate Office Rs. 172.60 Lakhs).

Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss of Rs. 63,407.20 Lakhs as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.

### 32. Contingent Liabilities and Commitments (to the extent not provided for)

Rs. in Lakhs

	March 31, 2024	March 31, 2023
<b>A. Contingent Liabilities:</b>		
i) Claims against the Company not acknowledged as debt:		
a) Tax matters in appeal:		
- Income Tax	-	141.99
- Customs Duty and Indirect taxes	345.82	1,845.82
b) Matters under arbitration	1,325.00	20,982.47
c) Other claims against the company (Water cess, NALA tax and others) (Refer Note 32.1)	62,181.37	32,411.84
ii) Guarantees excluding financial guarantees :		
- Counter guarantees given to Bankers in respect of Bank guarantees issued by them	22.00	8,446.46
iii) Other money for which the Company is contingently liable:		
- Compensation for 33.35 acres (Previous year 33.35 acres) of land in Company's possession - amount not ascertainable	-	-
- Claim for using the "Nagarjuna Brand/ Trade mark" - amount not ascertainable ( Refer note 32.2)	-	-
- Claims from various creditors who have filed petitions before court/ tribunals - amount not quantified (Refer No.32.3)	-	-
	63,874.19	63,828.58
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	1,068.90	1,336.16

**32.1 (a)** In relation to some of the contracts for purchase of fertilisers, an international Arbitration Award has been passed against the Holding Company in September 2016 for USD 14,398,188 and GBP 690,630 and interest as applicable apart from costs based on a claim filed by one of the Suppliers of Fertilizers to the Company.

The Company is of the view that the Award has been obtained based on documents tampered with and mis-representations of facts by said supplier. The Company is contesting the enforcement of the Award in the Courts in India and has also filed a Criminal Complaint before the Metropolitan Magistrate of Hyderabad against the supplier and its officials. Judgement came in favour of the Company, aggrieved by the Judgement, supplier made an appeal to the Supreme Court of India. Matter yet to be heard.

(b) The Company entered into two Contracts dated December 15, 2012 on Early Works, Offshore and Onshore towards certain engineering drawings to be utilised towards its plant for third ammonia and urea project on conditions that balance amounts payable only upon (a) the announcement of a fertilizer policy and (b) that the fertilizer policy being found favorable for the Project of the Company. The Company could not proceed further as the policy was not conducive for the project.

The service provider raised invoices for the balance amounts claiming that the work carried out was per contract. As the amounts were not paid the service provider invoked arbitration. The arbitral Tribunal passed an award on October 23, 2017 for USD 877,500, GBP 52,314, EUR 455,000 and INR 221.39 Lakhs and interest as applicable apart from costs in favour of the claimant. NFCL challenged the Awards by filing two petitions separately for each case under section 34 of Arbitration & Conciliation Act as the tribunal ignored vital evidence such as Govt communication dt 9th May 2013 where in the industries we're asked not to proceed further without necessary approvals from Govt, amongst other grounds. Matter yet to be listed for hearing.

Based on the current legal progress, the management has provided for 25% of the claim made on the Offshore contract and deposited 15% of the onshore contract value with the court. The Company continues to proceed legally and hence the balance claims have been disclosed as contingent liabilities.

**32.2** The Holding 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 year 2021-22, received a claim from the grantor asserting its right for royalty for the period from 29/01/1998 to 31/12/2021. The said claim is being negotiated with the grantor for settlement.

### **32.3 Cases / Petitions filed against the company in NCLT / Courts / Other Tribunals:**

Few other creditors have filed petitions against the company in various Courts / Tribunals for recovery of dues / claims for compensation for their services / supplies and all these matters are at various stages in the respective courts. The legal counsel confirmed that the cases / petitions filed against the company are not tenable and are of the view that these cases may not have any impact on the financials of the company.

The management is of the view that the pending litigations will not have any adverse impact on the financial position of the company as at the year end.

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

## **33. Disclosure under Ind AS 24, Related Party Disclosures**

### **33.1. List of related parties and their relationships**

#### **Subsidiaries**

- (i) Jaiprakash Engineering and Steel Company Limited (JESCO)  
(under Liquidation w.e.f 25-04-2022) (Since Liquidation petition withdrawn Order dtd 16.04.2024)

#### **Associates**

- (i) KVK Raju International Leadership Limited

#### **Key Management Personnel**

- (i) Mr.K.Rahul Raju, Managing Director
- (ii) Mr. M Vijaya Bhasker, Company Secretary
- (iii) Mr. Sudhakara Rao Annam, Chief Financial Officer

#### **Relatives of Key Management Personnel.**

- (i) Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)
- (ii) Smt. K. Veda Raju (Wife of Shri K Rahul Raju)

**Non - Executive Directors**

- (i) Mr.Uday Shankar Jha, Chairman
- (ii) Mr. Chandra Pal Singh Yadav, Nominee director of KRIBHCO
- (iii) Ms.Lalitha Raghuram, Independent Director
- (iv) Mr. Rajendra Mohan Gonela, Independent Director
- (v) Mr. Sudhakar Kudva, Independent Director

**Enterprises which have significant influence**

- (i) Amlika Mercantile Private Limited

**Enterprises significantly influenced by Key Management personnel or their relatives**

- (i) Nagarjuna Educational Trust

**33.2 Related party transactions during the year are as under:**

Nature of transaction	Directors		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<b>Rent Received</b>										
Nagarjuna Educational Trust									2.06	1.75
<b>Others- Reimbursement</b>								-	-	
Nagarjuna Educational Trust									-	10.13
Sundry Creditors									9.08	33.78
Nagarjuna Educational Trust										
<b>Rent Paid</b>										
Mrs. Lakshmi Raju										
Mrs. K Veda Raju										
<b>Sitting Fees to Non Executive &amp; Independent Directors</b>	9.30	7.65								
<b>Remuneration to KMPs</b>										
(a) Short-term employee benefits including perquisites					127.11	126.94				
(b) Post-employment benefits					10.41	7.95				

**33.3 Remuneration to key management personnel of the Company**

The remuneration to KMPs disclosed in the table has been recognised as an expense during the reporting period.

**33.4 Balances outstanding as at March 31, 2024**

Nature of transaction	Subsidiaries		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<b>Investments</b>										
Jaiprakash Engineering and Steel Company Limited	2,256.17	2,256.17								
KVK Raju International Leadership Limited			15.00	15.00						
Provision for diminution in the value of investment	2,256.17	2,256.17	15.00	15.00						
<b>Other Receivables</b>										
<b>Rental and other deposits with</b>										
Smt. K Lakshmi Raju							85.00	85.00		
<b>Expenses Payable</b>										
Shri.K Rahul Raju					13.45	13.45				
K Veda Raju					941.12	941.12				
Smt. K Lakshmi Raju							32.50	32.50		
<b>Other Current Financial Liabilities</b>										
Shri K Rahul Raju*					40.24	35.43				
Mr.ANNAM SUDHAKARA RAO					2.68	2.61				
Mr. M. Vijaya Bhaskar					1.38	0.97				
Nagarjuna Educational Trust									18.93	9.74

\* Previous Year Figures are restated in conformity with current year figures



**33.5 Terms and conditions of transactions with related parties**

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the yearend are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**34. Segment Reporting**

The financial results comprise the combined operations of the Group relating to the Fertilizer, Micro Irrigation and Agri Services businesses. The financial results of Micro Irrigation and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, are neither disclosed as separate segments nor combined as all other segments for the purpose of disclosures under Ind AS 108 - Operating Segments.

**Entity wide disclosures :****Geographical information**

Rs. in Lakhs

	Revenue from external customers		Non-current assets*	
	Year ended March 31, 2024	Year ended March 31, 2023	As at March 31, 2024	As at March 31, 2023
India	4,76,538.60	5,64,220.16	67,002.50	1,35,274.88
Outside India	-	-	-	-
	<b>4,76,538.60</b>	<b>5,64,220.16</b>	<b>67,002.50</b>	<b>1,35,274.88</b>

\* Non-current assets excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

**Information about revenue from major customers which is included in revenue**

Rs. in Lakhs

	Year ended March 31, 2024	Year ended March 31, 2023
Subsidy claims on Government of India pursuant to its Fertilizer subsidy policies	4,04,754.29	5,03,573.11
	<b>4,04,754.29</b>	<b>5,03,573.11</b>

**35. Fair Value****Category-wise classification of Financial Instruments**

Rs. in Lakhs

Particulars	Refer Note	Non-current		Current	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Financial assets measured at amortised cost</b>					
Security deposits	5	480.60	451.41	8,616.89	50.53
Loans and advances to related parties	5	-	-	-	0.90
Loans to employees		-	-	-	-
Non current margin money deposit	5	-	-	-	-
Interest accrued on deposit and advances	5	-	-	29.87	10.51
Unbilled revenue	5	-	-	-	-
Claims receivable		-	-	-	-
Trade receivables	7	-	-	43,925.95	39,693.79
Cash and cash equivalents	8	-	-	1,017.05	1,799.86
Other Bank balances	9	-	-	2,003.12	2,240.86
<b>Financial liabilities measured at amortised cost</b>					
Term loans from banks	14	-	-	1,04,868.28	89,282.81
Term loans from others	14	-	-	534.79	490.96
Corporate loan from banks	14	-	-	2,18,354.37	1,91,191.91
Deferred Payment Liabilities	14	-	1,213.06	2,343.49	2,010.99
Trade payables	19	-	-	1,35,935.16	1,04,569.17
Payables towards deposits	15	6,690.36	6,768.09	1,429.17	344.86
Payables towards other Deposits	15	215.15	214.97	25.00	25.00
Payables towards purchase of fixed assets	15	-	-	1,248.55	1,312.91

The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables and short term loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 36. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

#### Quantitative disclosures fair value measurement hierarchy for liabilities :

Rs. in Lakhs

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial liabilities measured at fair value through profit or loss</b>					
Foreign exchange forward contracts	March 31, 2024	-	-	-	-
Foreign exchange forward contracts	March 31, 2023	-	-	-	-

The fair values of the foreign exchange forward contracts have been determined based in the valuation report obtained from the bank. Significant observable inputs used in the valuation report are quoted forward exchange rates.

### 37. Financial risk management objectives and policies

#### Financial Risk Management Framework

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans and advances, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company's senior management oversees the management of these risks. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company based on the policies agreed by the Company's senior management. The same are summarised below:

#### A. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk except trade receivables where more than 50% is due from Government of India and various State Governments. The same are realisable in due course.

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as :

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**Exposure to credit risk**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Other financial assets	480.60	451.41
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	51,650.08	46,630.80

Balances with bank subject to low credit risk due to good credit rating assigned to this bank.

**Trade receivables:**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients based on ageing.

The ageing analysis of trade receivables as of the reporting date is as follows:

Rs. in Lakhs

Particulars	Neither past due not impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade receivables as of 31st March, 2024						
Government	38,210.29	1,565.73	186.74	117.27	6,576.91	46,656.94
Non Government	612.16	907.88	27.42	20.02	3,425.67	4,993.14
<b>Total</b>	<b>38,822.44</b>	<b>2,473.61</b>	<b>214.16</b>	<b>137.28</b>	<b>10,002.58</b>	<b>51,650.08</b>
Trade receivables as of 31st March, 2023						
Government	36,724.36	970.76	176.57	148.73	5,195.65	43,216.06
Non Government	104.11	74.00	0.01	0.01	3,236.62	3,414.74
<b>Total</b>	<b>36,828.46</b>	<b>1,044.76</b>	<b>176.58</b>	<b>148.74</b>	<b>8,432.27</b>	<b>46,630.80</b>

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables :

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Start of the year	6,937.01	7,874.83
Provision for Impairment	787.12	(937.82)
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
<b>End of year</b>	<b>7,724.13</b>	<b>6,937.01</b>

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

**B. Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company was unable to meet the financial obligations during the current year on account of continued losses. The Company is in discussion with the lenders for Resolution Plan. Refer Note 34.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

**Year ended March 31, 2024**

Rs. in Lakhs

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Loans from Banks / Financial institutions	1,05,403.07	-	-	1,05,403.07
Interest-free sales tax deferral loans from State Government	2,343.49	-	-	2,343.49
Deposits payable	-	6,905.51	-	6,905.51
Working capital demand loan from bank	2,11,359.64	-	-	2,11,359.64
Short term loan from bank	6,994.73	-	-	6,994.73
Trade payables	1,35,935.16	-	-	1,35,935.16
Other financial liabilities	-	-	-	-

**Year ended March 31, 2023**

Rs. in Lakhs

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Loans from Banks / Financial institutions	89,773.77	-	-	89,773.77
Interest-free sales tax deferral loans from State Government	2,010.99	1,213.06	-	3,224.05
Deposits payable	-	6,983.06	-	6,983.06
Working capital demand loan from bank	1,84,200.22	-	-	1,84,200.22
Short term loan from bank	6,991.69	-	-	6,991.69
Trade payables	1,04,569.17	-	-	1,04,569.17
Other financial liabilities	-	-	-	-

**C. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the entity comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2024 and March 31, 2023

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at March 31, 2024.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2024 and March 31, 2023.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The company's interest rate exposure is mainly related to variable interest rates debt obligations. The company uses a mix of interest rate sensitive loan facilities from the lenders to manage the liquidity and fund requirement for its day to day operations like working capital, short term loans and suppliers / buyers credit etc.,

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings with floating rate of interest affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax
	INR Lacs	
<b>March 31, 2024</b>		
INR	+50	524.34
INR	-50	(524.34)
<b>March 31, 2023</b>		
INR	+50	446.41
INR	-50	(446.41)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency.

Particulars	USD in Million	Rs. in Lakhs	Euro in Million	Rs. in Lakhs
<b>Foreign currency exposure as at 31st March, 2024</b>				
Trade receivables	-	-	0.44	392.45
Loans and other receivables	-	-	-	-
Trade payables	1.54	(1,286.92)	0.003	(2.62)
<b>Foreign currency exposure as at 31st March, 2023</b>				
Trade receivables	-	-	0.44	389.79
Loans and other receivables	-	-	-	-
Trade payables	1.54	(1,269.07)	0.00	(2.60)
Foreign exchange forward contracts	-	-	-	-

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	Year ended March 2024		Year ended March 2023	
	5% increase	5% decrease	5% increase	5% decrease
USD	19.75	(19.75)	19.62	(19.62)
Euro	(64.35)	64.35	(63.45)	63.45
<b>Increase/(decrease) in profit</b>	<b>(44.59)</b>	<b>44.59</b>	<b>(43.83)</b>	<b>43.83</b>

Rs. in Lakhs

**38. Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Particulars	Rs. in Lakhs	
	At Mar 31, 2024	March 31, 2023
Interest bearing loans and borrowings (Note 14)	3,23,757.44	2,80,965.68
Less: Cash and short term deposits (Note 8&9)	1,393.13	2,012.76
<b>Net debts</b>	<b>3,22,364.31</b>	<b>2,78,952.92</b>
Equity share capital (Note 12)	5,980.65	5,980.65
Other Equity (Note 13)	(3,41,057.30)	(2,12,834.89)
<b>Total Capital</b>	<b>(3,35,076.65)</b>	<b>(2,06,854.24)</b>
<b>Capital and net debt</b>	<b>(12,712.34)</b>	<b>72,098.68</b>
<b>Gearing ratio(%)</b>	<b>(2535.84%)</b>	<b>386.90%</b>

Rs. in Lakhs

There have been breaches in the financial covenants of interest-bearing loans and borrowings in the current period. The gearing ratio as on March 31, 2024 has increased due to the losses during the current year.

**39. Payment to Auditors**

Fee towards:	March 31, 2024	March 31, 2023
Statutory Audit	42.00	42.00
Tax Audit	7.50	7.50
Limited Review	12.00	12.00
Certification and other Services	14.45	4.15
<b>Total</b>	<b>75.95</b>	<b>65.65</b>

Rs. in Lakhs



**40. Earnings per Equity Share**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Net Profit / (Loss) after tax (Rs in lakhs)	(1,28,399.29)	(90,013.19)
Number of Equity shares (fully paid up)	59,80,65,003	59,80,65,003
Face value of Equity Share (Rs)	1	1
Earnings per share – Basic & Diluted (Rs)	(21.47)	(15.05)

Note: The Company has no dilutive instruments as at 31st March, 2024 and in the previous year. As such dilutive earnings per share equals to Basic Earnings per share.

**41. Particulars of Loans and Advances in the nature of Loans as required by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Rs. in Lakhs

	Name of the company	Balance as at		Maximum Amount outstanding during	
		Mar 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
A	Subsidiaries	Nil	Nil	Nil	Nil
B	Associates	Nil	Nil	Nil	Nil
C	Advances in the nature of Loans where there is no repayment schedule	Nil	Nil	Nil	Nil
D	Advances in the nature of Loans where no interest is charged or interest is below the rate specified in section 186 of the Companies Act, 2013	Nil	Nil	Nil	Nil
E	Advances in the nature of Loans to firms / companies in which directors are interested:	Nil	Nil	Nil	Nil

**42. Particulars of Loans, Guarantees or Investments in accordance with Section 186 of the Companies Act, 2013**

Name of the entity to whom loan/ investment/ guarantee / security was given / made	Relationship, if any, of the entity with the company	Amount of Loan / Investment / guarantee / security Rs. in Lakhs	Particulars of Loans, Guarantees given or Investments made	Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient.
Jaiprakash Engineering and Steel Co Ltd ("JESCO")	Subsidiary	2,256.17	Investment -Equity	Not Applicable

Note: Full provision for diminution in the value of above investment has been made. Further, JESCO has gone into Voluntary liquidation on 25th April 2022. Liquidation petition since withdrawn Order dtd 16.04.2024 (JESCO).

**43. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below: (as mandated by the Institute of Chartered Accountants of India in its announcement dated 05.12.2005)**

Particulars	Currency	Mar 31, 2024		Mar 31, 2023	
		In foreign currency	Rs.in Lakhs	In foreign currency	Rs. in Lakhs
Advances receivables	EUR	4,35,000	392.45	4,35,000	389.79
Trade Payables	USD	15,43,558	1,286.92	15,43,558	1,269.07
	EUR	2,900	2.62	2,900	2.60

44. (i) The Company has assessed the recoverability of receivables, inventories and other financial assets considering the available internal and external information up to the date of approval of these financial statements. Considering the nature of these assets, the Company expects to recover the carrying amount of these assets.

(ii) The company has not borrowed funds from Banks/Financial Institutions during the year.

**45 Additional Regulatory information:**

- (i) Details of Immovable Properties (Other than the properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company :

Under the Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Courts at Bombay and Andhra Pradesh in FY 2011-12, the Company was vested with the land of 736.13 acres situated in Nellore, AP together with buildings constructed therein, which was actually purchased from Nagarjuna Aqua Exports Limited (NAEL) way back in 2001 for a consideration of Rs. 317 Lakhs (towards land). Of these lands, 340.11 acres were not registered in the name of the company as the same were found to be defective titles.

Despite the Company's continuous persuasion, these lands could not be registered in the name of the company as title of all these lands is defective and the original owners who sold the land are not traceable.

Based on the legal opinion wherein it was opined that as these lands are in excess of the limit specified under the Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act 1973, it was concluded that these lands are not transferable on to the name of the Company. Accordingly, considering the restriction under the applicable Law to hold these lands, the passage of over two decades of time since original acquisition, non-traceability of original owners who sold these lands and defective titles, the Company has impaired the entire carried value of these lands during FY 2020-21, along with some other lands, aggregating to Rs 11,777 lakhs. (Refer Note no: 3).

- a) Details of lands which are not held in the name of the company, are as under.

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (Rs in Lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
PPE ( Note No 3)	LAND of (Ac 340.11 in Nellore, AP) Refer above note	Rs 4185.39 Lakhs (original cost of acquisition in 2001 aquired from Nagarjuna Aqua Exports Limited,value per acre Rs 42,859/- per acre (Rs 145.77 lakhs).	Original owners, who sold the lands to Nagarjuna Aqua Exports Ltd (details not available)	No	From the date of vesting the lands on the company under the composit scheme of Arrangement and Amalgamation in F.Y 2011-12	Defective Title of the original title holder

- (ii) The Company has no investment property
- (iii) The Company has not revalued its Property Plant and Equipment including Right of use assets
- (iv) The Company has not revalued its intangible assets.
- (v) The Company has not granted loans or advances in the nature of Loans to promoters, Directors , KMPs and the related parties (As defined under The Companies Act,2013) either severally or jointly with any other person, that are (a) repayable on demand; or (b) without specifying any terms or period of repayment.

**(vi). a. Capital Work in Progress ageing schedule as on March 31, 2024**

Rs. in Lakhs

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	768.00	<b>768.00</b>
Less Impairment	-	-	-	758.00	<b>758.00</b>
Projects temporarily suspended	-	-	-	10.00	<b>10.00</b>

**(vi). b CWIP completion schedule as on March 31, 2024 is as under:**

Rs. in Lakhs

CWIP	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Development of Mobile/Web Application for Field Team from Visionnet Systems Pvt Limited - SIGNING OFF S/W	-	-	-	10.00
<b>TOTAL</b>	-	-	-	10.00

(vii) The Company has no intangible assets under development

(viii) No proceeding has been initiated or pending against the Company under the Benami Transactions (Prohibition) Act 1988.

(ix) In respect of the borrowings from bank or financial institutions on the basis of security of current assets, quarterly returns, or statements of current assets are not being filed by the Company.

(x) The Company is not a declared wilful defaulter by any bank or financial institution (as defined in the Companies Act 2013), or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

(xi) The Company has no transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.

(xii) In respect of the Holding Company, satisfaction for the following charges is yet to be filed with ROC, which is beyond the statutory period:

Charge Holder Name	Charge Id	Date of charge creation	Amount Rs in lakhs	Reasons
ACRE [ Modified by ICICI Bank Limited]	10612443	16-12-2015	8,400.00	Though a new charge was created in favour of the consortium bankers, satisfaction for the old charge created in favour of individual banks has not been filed.
ACRE [ Modified by State Bank of India]	10598895	30-09-2015	22,200.00	
UCO Bank	100042498	13-07-2016	1,300.00	
ACRE [ Modified by IDBI Bank Limited]	10581869	29-06-2015	34,000.00	
CANARA BANK	90124189	20-09-2000	20.00	Bankers / FI s have not issued the Loan closure letters
CANARA BANK	10005518	29-03-2006	86.36	
CANARA BANK	10056734	29-03-2006	108.30	
ICICI BANK LTD	80062844	08-05-1996	1,500.00	
ACRE [ Modified by ICICI BANK]	10098019	09-04-2008	1,698.13	
ICICI BANK LTD	80063337	07-12-1992	195.20	
ICICI BANK LTD	80062790	12-07-1996	2,135.00	
ICICI BANK LTD	80062791	20-06-1997	2,500.00	
ICICI LIMITED	80062784	28-09-1998	12,000.00	
ICICI LIMITED	80062787	17-12-1999	5,000.00	
IDBI	80062785	09-04-1999	4,500.00	
ACRE [ Modified by IDBI Bank Ltd]	10091935	03-03-2008	5,000.00	
ACRE [ Modified by IDBI Bank Ltd]	10194046	30-12-2009	5,000.00	
IDBI BANK LTD	80063343	29-04-1988	36,500.00	
IDBI BANK LTD	80062792	25-05-1991	720.72	
IDBI BANK LTD	80062841	21-12-1995	17,000.00	
IDBI BANK LTD	80063340	26-09-1997	3,641.00	
IDBI BANK LTD	80062786	16-07-1999	1,500.00	
IDBI BANK LTD	80063339	14-01-2000	1,500.00	
IDBI TRUSTEESHIP SERVICES LTD	80013974	09-09-1998	7,500.00	
IDBI TRUSTEESHIP SERVICES LTD	80063344	09-10-2000	15,330.00	
IDBI TRUSTEESHIP SERVICES LTD	80063345	04-11-2000	3,000.00	
IDBI TRUSTEESHIP SERVICES LTD	80061034	29-05-2003	2,500.00	
IDBI TRUSTEESHIP SERVICES LTD	10518037	04-08-2014	5,876.51	
IDBI TRUSTEESHIP SERVICES LTD	80062789	19-01-2005	3,349.36	
INDUSTRIAL DEVELOPMENT BANK OF INDIA	80011941	19-03-1991	559.76	
INDUSTRIAL DEVELOPMENT BANK OF INDIA	80062842	29-12-1995	23,500.00	
ACRE [ Modified by Industrial Development Bank of India]	10067793	07-09-2007	6,000.00	
ACRE [ Modified by Industrial Development Bank of India]	10127655	31-10-2008	5,000.00	
ACRE [ Modified by Industrial Development Bank of India]	10047529	09-04-2007	6,800.00	
INDUSTRIAL DEVELOPMENT BANK OF INDIA	80062845	25-09-1998	10,000.00	
KARUR VYSYA BANK LTD	80063341	04-01-2001	2,000.00	
KARUR VYSYA BANK LTD	80063342	02-02-2001	1,015.74	
ACRE [ Modified by Oriental Bank of Commerce]	80024916	26-02-2003	1,275.00	
PUNJAB NATIONAL BANK	80002483	21-06-1997	1,350.00	
SICOM LIMITED	80061035	31-03-2003	3,000.00	
STATE BANK OF INDIA	10018792	08-08-2006	1,500.00	
THE BANK OF RAJASTHAN LIMITED	80061033	06-05-2002	1,200.00	
THE KARNATAKA BANK LTD	80063338	19-01-2002	1,600.00	
UCO BANK	90124190	26-09-2000	200.00	
BIOTECHNOLOGY INDUSTRY RESEARCH ASSISTANCE COUNCIL	10532604	20-10-2014	285.10	

(xiii) The Group has complied with the number of layers prescribed under clause 87 of Section 2 of the Act read with the companies (restriction on number of layers) Rules 2017

(xiv) Ratios:

S No	Name of the Ratio	Numerator	Denominator	Ratio		Increase / decrease
		Value Rs in lakhs	Value Rs in lakhs	Year Ended March 2024	Year Ended March 2023	
1	Current Ratio (Current Assets ÷ Current Liabilities)	69,732.52	4,66,146.72	0.15	0.15	0.24%
2	Debt Equity Ratio (Total Debt ÷ Shareholder's Equity)	3,26,100.93	-3,35,076.65	-0.97	-1.37	-29.16%
3	Debt Service Ratio (Profit After Tax, Interest on borrowings, Depreciation & Loss/(Profit) on sale of Fixed Assets ÷ Interest & lease Payments + Principal Repayments)	-86,175.99	1,07,746.56	-0.80	-0.51	55.63%
4	Return on Equity Ratio (Profit After Tax (PAT) ÷ Avg(Equity + Reserves and Surplus))	-1,28,388.87	-2,70,965.45	0.47	0.56	-14.73%
5	Inventory Turnover Ratio (Net Sales ÷ Avg(Total Inventory- loose tools-spare))	4,76,538.60	4,733.31	100.68	139.63	-27.90%
6	Trade Receivables Turnover Ratio (Net Sales ÷ Average Receivables)	4,76,538.60	49,140.44	9.70	10.96	-11.49%
7	Trade Payables Turnover Ratio (Net Credit Purchases ÷ Average Trade Payables)	4,81,372.90	1,20,252.16	4.00	5.40	-25.84%
8	Net Capital Turnover Ratio (Net Sales ÷ Working Capital)	4,76,538.60	-3,96,414.20	-1.20	-1.69	-28.98%
9	Net Profit Ratio (Profit After Tax ÷ Net Sales)	-1,28,388.87	4,76,538.60	-0.27	-0.16	68.89%
10	Return on Capital Employed (Profit Before Interest & Tax ÷ Capital Employed)	-81,850.37	-8,975.72	9.12	-0.79	-1261.0%
11	Return on Investment (Equity)	NIL	Nil	NA	NA	NA

Reasons for Variance in Ratios: Reasons for change in the ratios by more than 25% as compared to the preceeding year are increase in - cost of production, interest costs, debt due to non-repayment of loans and the resulting increase in loss.

- (xv) The company has not undertaken any scheme of arrangements in terms of section 230 to 237 of the Companies Act 2013 during the year.
- (xvi) (A) The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.  
(B) The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (xvii) During the year, the company has not surrendered or disclosed any transaction in the Income tax assessments under the Income Tax Act 1961, which was not recorded in the books of account
- (xviii) The Company is not covered under section 135 of the Companies Act 2013.
- (xix) The company has not traded or invested in crypto currency or virtual currency during the financial year

46. Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.

47. The figures of the previous year have been reclassified / regrouped, wherever necessary, to make them comparable with that of Current Year.

Notes 1 to 47 above form an integral part of the Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

For and on behalf of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

**A. Sudhakara Rao**  
Chief Financial Officer

**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary

Hyderabad  
20<sup>th</sup> May 2024



# CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

To the Members of **Nagarjuna Fertilizers and Chemicals Limited**

## Report on the Audit of the Consolidated Financial Statements

### I. Qualified Opinion:

We have audited the accompanying Consolidated Financial Statements of Nagarjuna Fertilizers and Chemicals Limited ("the Holding Company") and its subsidiary ("the Holding Company" and its subsidiary together referred to as "the Group") and its associate, which comprise the consolidated Balance Sheet as at March 31st, 2024, the consolidated Statement of Profit and Loss (including other comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of the Significant Accounting Policies and other Explanatory Information ("the Consolidated Financial Statements").

The Consolidated Financial statements includes the following entities

- a) Nagarjuna Fertilizers and Chemicals Limited (Holding)
- b) Jaiprakash Engineering and Steel Company Limited (Subsidiary)
- c) KVK Raju International Leadership Limited (Associate)

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of subsidiary, except for the possible effects of the matters described in the Basis for Qualified opinion section of our report, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of the Group as at March 31st, 2024, its Loss including other comprehensive Income, changes in Equity and its cash flows for the year then ended.

### II. Basis for Qualified Opinion

We refer to Note No: 14 & 26 to "the Consolidated Financial Statements" wherein "the Holding Company" Stated that the lenders (Banks) have not implemented the Corrective Action Plan (CAP) approved by them in the Joint Lenders Forum (JLF) meeting held in 2015 and though "the Holding Company" represented the matter to the lenders for necessary corrective action, the same has not been rectified till date. As a result, "the Holding Company" filed cases against the lenders in the 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 as 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 Holding Company" since 6 years. In this background "the Holding 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 consolidated financial statements.

We refer to Note No: 14.1 to "the Consolidated Financial Statements" wherein "the Holding Company" stated that on 3rd April 2023, it has received a letter dated 31st March 2023, copying to all the Lenders, from Assets Care & Reconstruction Enterprise Ltd (ACRE) communicating 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 SAR-FAESI 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. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

In the absence of independent audit evidence from the lenders on the date(s) from which the loan accounts have been classified as NPAs, outstanding amount of borrowings at the end of every year, interest accrued thereon, period and amount of default in repayment of loans and payment of interest thereon disclosed in "the Consolidated Financial Statements" and continuing the outstanding borrowings with the existing lenders (Banks), we are unable to express an opinion whether any adjustments are required to be made to the outstanding balance of borrowings as at the year end, interest on the borrowings charged to the consolidated statement of profit and loss for the year and the period and amount of default in repayment of principal and payment of interest disclosed in "the Consolidated Financial Statements".

We conducted our audit of the financial statements of "the Group" in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements of "the Group" section of our report. We are independent of "the Group" in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements of "the Group" under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements of "the Group"

### III. Material uncertainty related to going Concern:

1. We Refer to Note No.29 to "the Consolidated Financial Statements", wherein "the Holding Company" stated that it has been incurring recurring losses resulting in complete erosion of net worth and the company is facing liquidity issues. As at the Quarter/ Year ended 31st March, 2024, the Company's current liabilities exceeded the current assets by Rs.3,96,547.86 Lakhs.

"The Holding Company", during the year under review, continued to default in discharging its obligations for re-



payment of Loans and settlement of other financial and non-financial liabilities including statutory dues on the due dates. The lenders have been treating the loans to "the Holding Company" as Non-Performing Assets since last six years.

We Refer to Note No.30 to "the Consolidated Financial Statement" wherein "the Holding Company" stated that it has received a demand notice dated 20th May 2023 u/s 13(2) of the SARFAESI Act from ACRE to repay total outstanding dues of Rs 3,344.37crores. ACRE, as part of the SARFAESI process after taking symbolic possession of assets (on October 12, 2023), has issued a Public Notice for auction of Sale of Movable and Immovable properties of the Company under SARFAESI Act, 2002, vide email to the company dated January 17,2024. ACRE in their public auction notice stated that as of December 2023 "the Holding Company" owed ACRE around Rs. 3858 Crs including interest. "the Holding Company" has received an email communication dated April 17, 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 line with the terms of the sale. It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration.

The above events and conditions indicate material uncertainty which cast a significant doubt on "the Group" 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 Group" to continue as going concern is solely dependent on the successful restructuring/resolution plans and raising of the required additional funds.

However, the management is of the opinion that the preparation of the financial statements of "the Group" for the quarter and year ended 31st March, 2024 as going concern is still appropriate considering the uncertainties and final outcome of the results of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking of the future plans of the company for continuation of business operations and given the above background on its effort for OTS as Debt Resolution.

2. We Further refer to Note 30, that ACRE has taken symbolic possession to enable them to start auction process, but has not imposed any restrictions on the plant operations as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in normal course of business. subsidy claims are being raised in the name of the company as per the procedures laid by the Government and subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial are prepared on a going concern basis, the Property, Plant and Equipment are continued to be disclosed as Non-Current operating assets at its carrying value.

**Our conclusion is not modified in respect of this matter.**

#### IV. Emphasis of Matter Paragraph:

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

- a) Note No.2: Initially the wholly owned subsidiary, JAIPRAKASH ENGINEERING AND STEEL COMPANY LIMITED (JESCO), went into Voluntary Liquidation under IBC with effect from 25th April, 2022 and later the Liquidator has filed a memo for withdrawal of Voluntary Liquidation proceedings on 05.04.2024 and the same is been dismissed by NCLT, Bangalore. The financials of the subsidiary for the quarter/ year ended 31st March 2024, have been considered into consolidation.
- b) Note No.20.1: "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 and Gas Pooling Policy for Fertilizer (Urea) Sector. Adjustments, if any, required will be considered on notification of final prices
- c) Note No.31: The Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 and management perceive that there is no further impairment loss required to be recorded.  
  
Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss of Rs. 63,407.20 Lakhs as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.
- d) Note No.32.1: 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. 14,150.09 Lakhs) and interest thereon as applicable apart from costs, are continued to be shown as a contingent liability since the matter being sub-judice.
- e) Note No.32.2: Claim from a related party asserting its right for Royalty for the period from 29.01.1998 onwards, is being negotiated with the granter for settlement.
- f) Note No.32.4: 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 claims 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.

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

## V. Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the 'Basis for Qualified Opinion' section, we have determined the matters described below to be the Key Audit Matters to be communicated in our report.

S. No.	Key Audit Matter	How the matter was addressed in our audit
i)	<p><b>Recognition, measurement, presentation and disclosures of revenue from operations.</b></p> <p>The company's revenue from operations comprises of sale value of Urea and the Subsidy received from Govt of India under various notifications, on the urea sold.</p> <p>We identified this as a Key Audit Matter since the recognition of subsidy revenue and the assessment of recoverability of the related subsidy receivables is subject to significant judgements of the management</p> <p>Since the sale and the eligible subsidy are interlinked and further the claim for subsidy depends on various government notifications issued from time to time, it is important to verify the correctness of the revenue from operations recognised in the books of account.</p> <p>(Refer Note No. 20 in the Consolidated Financial Statements.)</p>	<p>Principal Audit procedures performed:</p> <ul style="list-style-type: none"> <li>• Verified various applicable Govt notification under which the subsidy was notified.</li> <li>• Verified the sales made and related claims for subsidy with the records/ certificates submitted to the Government.</li> <li>• Performed analytical procedures for reasonableness of revenue and subsidy recognised vis a vis the sales made.</li> <li>• We evaluated the management's assessment regarding reasonable certainty of complying with the relevant conditions as specified in the notifications/policies</li> <li>• We evaluated adequacy of disclosures in the Consolidated Ind AS Financial Statements.</li> </ul>
ii)	<p>Provision for Expected Credit Loss in accounts receivables.</p> <p>The credit loss provision in respect of account receivables represent management's best estimate of the credit losses incurred on the receivables at the balance sheet date.</p> <p>We have identified provisioning for credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows. [Refer Note No. 7 in the Consolidated Financial Statements]</p>	<p>Our audit procedure in respect of this area included:</p> <ul style="list-style-type: none"> <li>• Understand and assess the management's estimate and related policies used in the credit loss analysis.</li> <li>• Performed test of key controls to analyze operating effectiveness relating to calculation of impairment provisions.</li> <li>• For Expected Credit Loss (ECL) of trade receivables assessed on individual level by the management, examined on a test check basis, the objective evidence relating to the impairment of trade receivables and the key assumptions used in the estimate of the cash shortfalls and reviewed whether amounts have been recovered after the end of reporting period.</li> <li>• Obtained debtors' credit information on sample basis to ascertain whether the classification of debtors is in compliance with the company's policy.</li> <li>• Reviewed the management's ageing analysis based on days passed due by examining the original documents (such as invoices).</li> <li>• Verified the calculation of ECL of each type of trade receivables.</li> </ul>

## VI. Responsibility of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

"The Holding Company's" Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these "Consolidated Financial Statements" that give a true and fair view of the financial position, financial performance, total comprehensive loss, changes in equity and cash flows of "the Group" in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in "The Group" and its associates are responsible for maintenance of

adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of "The Group" and its Associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of "the Consolidated Financial Statements" that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing “the Consolidated Financial Statements”, management of “the Holding Company” is responsible for assessing “the Group’s” ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of “the Holding Company” are responsible for overseeing the financial reporting process of “the Group”

## VII. Auditor’s Responsibility for the audit of the Consolidated Ind AS Financial Statements

Our responsibility is to conduct an audit of “the Group’s” “Consolidated Ind AS Financial Statements” in accordance with Standards on Auditing and to issue an auditor’s report. However, because of the matter described in the “Basis of Qualified Opinion” section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these “Consolidated Ind AS Financial Statements”.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on “the Group’s” ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause “the group” to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the “Consolidated Financial Statements” of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## VIII. Report on Other Legal and Regulatory Requirements:

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and except for the matters described in the Basis for Qualified Opinion Section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the accompanying “Consolidated Financial Statements”;
  - b) Except for the possible effects of the matters described in the Basis for Qualified Opinion Section, in our opinion, proper books of account as required by law have been kept by “the Group” so far as it appears from our examination of those books;
  - c) “The Consolidated Financial Statements” dealt with by this report are in agreement with the relevant books of account;
  - d) Except for the possible effects of the matters described in the Basis for Qualified Opinion Section, in our opinion, “the Consolidated Financial Statements” comply with the Ind AS specified under Section 133 of the Act and the rules made thereunder;
  - e) The matters described under the Basis for Qualified Opinion section, material uncertainty related to going concern section and emphasis of matter section, in our opinion may have an adverse effect on the functioning of “the Group”;



- f) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors of each company, none of the directors of the Group is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- g) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the “Basis for Qualified Opinion” section.
- h) With respect to the adequacy of the internal financial controls with reference to financial statements of “the Group” and the operating effectiveness of such controls, refer to our separate report in “Annexure A”.
- i) With respect to the statement to be included in the Auditor’s Report pursuant to section 197(16) of the Act, as amended, we report that:

Based on the examination of documents and records of “the Group” and as per the information and explanations furnished to us, “the holding company” has paid the remuneration of 69.45 Lakhs to its managing director during the year by obtaining the approvals from the lenders in terms of third proviso to sub-section (1) of section 197 of the Act.

- 2. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - a. “The Group”, as detailed in Note No. 32 in “the Consolidated Financial Statements”, has disclosed the impact of pending litigations on its financial position as at 31st March 2024.
  - b. “The Group” did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2024.
  - c. There has been no requirement to transfer any amounts, to the Investor Education and Protection Fund by “the Group” during the year ended 31st March 2024.
  - d. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by “the group” to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by “the group” from any person(s)

or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that “the group” shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (iii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material mis-statement.

- e. None of the Companies included in “the Group” has declared or paid any dividend during the year.
- f. Based on our examination, which included test checks, “the Holding Company” has used accounting softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

The financial statements of the subsidiary have been audited by other auditor under the provisions of the Act as of the date of this report. Consequently, as the other auditor has not commented thereon, we are unable to comment on the reporting requirement under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 in respect of the subsidiary.

## IX. Other Matters

- (i) We did not audit the financial statements / financial information of the subsidiary, and, whose financial statements / financial information reflect total assets (before consolidation adjustments) of Rs.0.24 lakhs as at 31st March, 2024, total revenues (before consolidation adjustments) of Rs. NIL, total net loss after tax (before consolidation adjustments) of Rs.10.42 Lakhs and net cash outflows (before consolidation adjustments) amounting to Rs. 10.66 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the aforesaid Subsidiary have been audited by other auditors whose reports have been furnished to us by the management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the said Subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors

The “Opinion”/“Material uncertainty relating to Going Concern”/“Emphasis of Matter Paragraph” in such audit reports are reproduced below:



a) **Jaiprakash Engineering and Steel Company Limited**

**Emphasis of Matter Paragraph**

We draw attention to the following matters in the notes to the financial statements:

The company went into Voluntary Liquidation vide resolution passed by the Members on 25th April, 2022, Shri. Kranthi Kumar Kedari, Insolvency Professional, had been appointed as the Liquidator. The liquidator after completing all formalities of voluntary liquidation proceedings had filed the petition for dissolution of the company on 01.10.2023 with NCLT, Bangalore.

Consequent to the letter dated 17th February 2024 received from Amlika Mercantile Private Limited (AMPL), a sole Creditor, the Liquidator of the JESCO has filed a memo for withdrawal of Voluntary Liquidation Proceedings on 05.04.2024. The Liquidator of the Petitioner Company has inter alia stated that Petitioner Company is not in a position to pay for the outstanding liability of Rs. 1,06,82,828/- to AMPL and seeks permission to withdraw the instant Petition and to hand over the management of the Petitioner Company back to its directors. Considering the aforesaid submissions and taking into record the Memo for withdrawal filed by the Liquidator the instant Petition bearing CP (IB) No.164/BB/2023 for Voluntary Liquidation Proceedings of the company is dismissed By NCLT Bangalore as withdrawn on 16/04/2024.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For **P. Murali & Co.**,  
Chartered Accountants  
Firm Registration No: 007257S

**A Krishna Rao**  
Partner  
Membership No.020085  
UDIN: 24020085BKAUHL9829

Date: 20-05-2024  
Place: Hyderabad

## ANNEXURE - A

**Annexure to Independent Auditor's report of even date on "the consolidated IND AS financial statements" of "M/S. Nagarjuna Fertilizers and Chemicals Limited".**

**Report on the Internal Financial Controls under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')**

We have audited the Internal Financial Controls with reference to the consolidated financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Holding Company") and its Subsidiary company (Holding company and its subsidiary together referred to as "the Group") as of March 31, 2024 in conjunction with our audit of the consolidated financial statements for the year ended on that date

### **Management's Responsibility for Internal Financial Controls:**

The Respective Board of Directors of "the Holding Company" and its Indian subsidiary, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility:**

Our responsibility is to express an opinion on the respective Group's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an Audit of Internal Financial Controls. These standards and guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting:**

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes these policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of "the Holding Company"; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on "the Consolidated Financial Statements".

### **Inherent Limitation of Internal Financial Controls over Financial Reporting:**

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Qualified Opinion:**

In our opinion except for the possible effects of the matter described in the "Basis for Qualified opinion", the company has, in all material respects, reasonable internal financial controls system over financial reporting but not adequate and such internal financial controls over financial reporting were operating effectively as at March 31st, 2024, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute Of Chartered Accountants of India.

**Other Matters:**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these "Consolidated Financial Statements" of 'the Holding Company', and in so far as it relates to separate financial statements of one subsidiary, which is incorporated in India, is based on the report of the auditors of such subsidiary.

For **P. Murali & Co.**,  
Chartered Accountants  
Firm Registration No: 007257S

**A Krishna Rao**  
Partner  
Membership No.020085  
UDIN: 24020085BKAUHL9829

Date: 20-05-2024  
Place: Hyderabad

# Consolidated Balance Sheet as at 31st March 2024

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
1	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	3	66,992.50	135,256.20
	(b) Capital work-in-progress	3A	10.00	18.68
	(c) Financial Assets			
	(i) Investments	4	-	-
	(ii) Others	5	480.60	451.41
	(d) Deferred tax assets (net)	17	821.52	-
	<b>Total</b>		<b>68,304.62</b>	<b>135,726.29</b>
	<b>Current assets</b>			
	(a) Inventories	6	6,543.36	7,221.62
	(b) Financial Assets			
	(i) Trade receivables	7	43,925.95	39,693.79
	(ii) Cash and cash equivalents	8	1,017.05	1,799.86
	(iii) Bank balances, other than (ii) above	9	2,003.12	2,240.86
	(iv) Others	5	8,646.76	61.94
	(c) Current Tax Assets (Net)	10	60.73	243.53
	(d) Other current assets	11	7,507.87	7,193.45
	<b>Total</b>		<b>69,704.84</b>	<b>58,455.05</b>
	<b>Total Assets</b>		<b>138,009.46</b>	<b>194,181.34</b>
2	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	12	5,980.65	5,980.65
	(b) Other Equity	13	(341,190.74)	(212,957.92)
	Non Controlling interest		(0.22)	(0.20)
	<b>Total</b>		<b>(335,210.31)</b>	<b>(206,977.47)</b>
	<b>Liabilities</b>			
	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	14	-	1,213.06
	(ii) Other financial liabilities	15	6,905.51	6,983.06
	(b) Provisions	16	61.56	585.28
	(c) Deferred tax liabilities (Net)	17	-	477.13
	(d) Other non-current liabilities	18	-	-
	<b>Total</b>		<b>6,967.07</b>	<b>9,258.53</b>
	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	14	326,100.93	282,976.67
	(ii) Trade payables	19		
	(A) Total outstanding dues of Micro enterprises and Small Enterprises		132.81	83.85
	(B) Total outstanding dues of creditors other than micro and small enterprises.		135,802.35	104,485.32
	(iii) Other financial liabilities (other than those specified in item (c) below)	15	2,808.47	1,788.52
	(b) Other current liabilities	18	1,223.30	1,967.70
	(c) Provisions	16	184.84	598.22
	<b>Total</b>		<b>466,252.70</b>	<b>391,900.28</b>
	<b>Total Equity and Liabilities</b>		<b>138,009.46</b>	<b>194,181.34</b>

Corporate Information, Significant Accounting Policies and explanatory notes 1 to 48

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

**A. Sudhakara Rao**  
Chief Financial Officer

**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary





## Consolidated Statement of Profit and Loss for the year ended 31st March 2024

Rs. in Lakhs

	Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
	<b>INCOME:</b>			
I	Revenue From Operations	20	476,538.60	564,220.16
II	Other Income	21	2,193.20	6,344.29
III	Total Income (I + II)		<b>478,731.80</b>	<b>570,564.45</b>
	<b>EXPENSES:</b>			
IV	Cost of materials consumed	22	244,098.22	284,873.12
	Purchases of Stock-in-Trade	23	129.53	478.23
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	24	1,083.10	(2,468.42)
	Power and Fuel		210,586.24	240,368.77
	Employee benefits expense	25	9,750.19	9,892.69
	Finance costs	26	47,912.63	52,594.29
	Depreciation and amortization expense	3	4,968.78	7,926.99
	Impairment losses	3	63,407.20	67,519.40
	Other expenses	27	26,569.33	23,097.60
	Total expenses (IV)		<b>608,505.22</b>	<b>684,282.67</b>
V	Profit/(loss) before exceptional items and tax (I- IV)		(129,773.42)	(113,718.22)
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		(129,773.42)	(113,718.22)
VIII	Tax expense:	28		
	(1) Current tax		-	-
	(2) Deferred tax		(1,374.13)	(23,705.03)
	Total Tax expense (VIII)		<b>(1,374.13)</b>	<b>(23,705.03)</b>
IX	Profit/(loss) for the period (VII-VIII)		<b>(128,399.29)</b>	<b>(90,013.19)</b>
X	Other Comprehensive Income / (Loss)			
	A (i) Items that will not be reclassified to profit or loss		241.95	408.87
	A (ii) Income tax relating to items that will not be reclassified to profit or loss		(75.49)	(127.57)
	Total Other Comprehensive Income / (Loss) (X)		<b>166.46</b>	<b>281.30</b>
XI	Total Comprehensive Income / (Loss) for the period (IX+ X)		<b>(128,232.83)</b>	<b>(89,731.89)</b>
XII	Total Comprehensive Income for the period (IX+ X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period) Attributable to			
	Owners of the Parent		(128,399.28)	(90,013.17)
	Non-controlling interests		(0.02)	(0.01)
	Of the Total Comprehensive Income above, Profit for the year attributable to:			
	Owners of the Parent		(128,399.28)	(90,013.17)
	Non-controlling interests		(0.02)	(0.01)
	Of the Total Comprehensive Income above, Other Comprehensive income attributable to :			
	Owners of the Parent		166.46	281.30
	Non-controlling interests		-	-
XIII	Earnings per equity share	41		
	(1) Basic (in Rupees)		(21.47)	(15.05)
	(2) Diluted (in Rupees)		(21.47)	(15.05)

Corporate Information, Significant Accounting Policies and explanatory notes 1 to 48

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

**A. Sudhakara Rao**  
Chief Financial Officer

**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary

# Consolidated Statement of Changes in Equity for the year ended 31st March 2024

## A. Equity Share Capital

### (1) Current reporting period (31.03.2024)

Rs. in Lakhs

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
5,980.65	-	5,980.65

### (2) Previous reporting period (31.03.2023)

Balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
5,980.65	-	5,980.65

## B. Other Equity

### (1) Current reporting period (31.03.2024)

Rs. in Lakhs

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium	Other Reserves (General Reserve)	Retained Earnings	Other items of Other Comprehensive Income (Defined Benefit Plans)	
Balance at the beginning of the current reporting period	51,853.85	109,619.35	13,382.57	(388,783.48)	969.79	(212,957.92)
Restated balance at the beginning of the current reporting period	51,853.85	109,619.35	13,382.57	(388,783.48)	969.79	(212,957.92)
Total Comprehensive Income for the current year (Net of Rounding off amount of ₹0.05 lakhs)	-	-	-	(128,399.28)	166.46	(128,232.82)
Balance at the end of the current reporting period	51,853.85	109,619.35	13,382.57	(517,182.76)	1,136.25	(341,190.74)
<b>(2) Previous reporting period (31.03.2023)</b>						
Balance at the beginning of the previous reporting period	51,853.85	109,619.35	13,382.57	(298,770.31)	688.49	(123,226.05)
Restated balance at the beginning of the previous reporting period	51,853.85	109,619.35	13,382.57	(298,770.31)	688.49	(123,226.05)
Total Comprehensive Income for the previous year	-	-	-	(90,013.17)	281.30	(89,731.87)
Balance at the end of the previous reporting period	51,853.85	109,619.35	13,382.57	(388,783.48)	969.79	(212,957.92)

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
**Uday Shankar Jha**  
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Chief Financial Officer

**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary



## Consolidated Cash Flow Statement for the Year ended 31st March 2024

Rs. in Lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(129,773.43)	(113,718.21)
Adjustments:		
Depreciation and Amortisation	4,968.78	7,926.99
Impairment of Assets	63,407.20	67,519.40
Provision for Doubtful Debts / Advances	787.12	327.17
Reversal of provision	-	-
Finance Cost	47,912.63	52,594.29
Imparment of CWIP	-	-
Deferred government grant	(345.79)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	(628.79)	(6.89)
<b>Operating Profit before working capital changes</b>	<b>(13,672.28)</b>	<b>14,294.84</b>
Movements in working capital:		
Increase/(decrease) in trade payables	31,365.99	5,801.86
Increase/(decrease) in long term provisions	(281.77)	485.29
Increase/(decrease) in short term provisions	(413.38)	53.19
Increase/(decrease) in other current liabilities	(398.58)	(2,113.48)
Increase/(decrease) in other current financial liabilities	1,019.95	207.78
Increase/(decrease) in other long term liabilities	(77.55)	(3.67)
Decrease/(increase) in trade receivables	(5,019.28)	8,472.26
Decrease/(increase) in inventories	678.26	(2,581.40)
Decrease/(increase) in Non-current - Other Financial Assets	(29.19)	23.63
Decrease/(increase) in other current assets	(314.43)	(1,262.23)
Decrease/(increase) in other Current financial assets	(8,584.82)	699.00
Cash generated from/(used) in operations	<b>4,272.92</b>	<b>24,077.07</b>
(Direct Taxes Paid -net of refunds)	182.80	119.89
<b>Net cash flow from / (used) in operating activities</b>	<b>4,455.72</b>	<b>24,196.96</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP/Capital advances	(104.12)	(81.03)
Proceeds from Margin Money Deposits	237.74	18.21
Proceeds from Sale of fixed assets	629.31	9.16
<b>Net cash flow from / (used) in investing activities</b>	<b>762.93</b>	<b>(53.66)</b>
<b>C. Cash flow from Financing activities</b>		
Repayment of long term borrowings	(877.16)	(298.45)
Finance Costs paid	(13,857.86)	(31,690.29)
<b>Net cash flow from / (used) in financing activities</b>	<b>(14,735.02)</b>	<b>(31,988.74)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(9,516.37)</b>	<b>(7,845.44)</b>
<b>Cash and Cash Equivalents as at beginning of the year</b>	<b>(129,664.77)</b>	<b>(121,819.33)</b>
<b>Cash and Cash Equivalents as at end of the period</b>	<b>(139,181.14)</b>	<b>(129,664.77)</b>

## Notes:

Rs. in Lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash and Cash Equivalents comprises of</b>		
Balances with Banks		
In Current Accounts	999.62	1,784.06
Cash on hand	17.43	15.78
Cash and Cash Equivalents	1,017.05	1,799.84
Less: Cash Credit	140,198.19	131,464.61
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	<b>(139,181.14)</b>	<b>(129,664.77)</b>

Corporate Information, Significant Accounting Policies and explanatory notes 1 to 48  
Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

**A. Sudhakara Rao**  
Chief Financial Officer

**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2024

## 1 CORPORATE INFORMATION

Nagarjuna Fertilizers and Chemicals Limited (the holding company/NFCL) is a public listed company domiciled in India, incorporated under the provisions of the Companies Act 1956. Its shares are listed on The Bombay Stock Exchange and The National Stock Exchange Of India. The registered office of the company is situated at D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

The holding company is principally engaged in the business of manufacturing and marketing of Fertilizers, Micro Irrigation Equipments and Agri Informatic Services.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### Consolidated Accounts:

(a) The subsidiaries considered in the preparation of these consolidated financial statements are:

	Country of Incorporation	Percentage of voting power	
		31st March, 2024	31st March, 2023
(i) Jaiprakash Engineering and Steel Company Limited (JESCO)	India	99.84%	99.84%

(b) The details of associates of the holding company as defined in Indian Accounting Standard 28 "Investments in Associates and Joint Ventures" .

	Country of Incorporation	Percentage of voting power	
		31st March, 2024	31st March, 2023
(i) K.V.K.Raju International Leadership Academy	India	42.85%	42.85%

### Principles of Consolidation:

The Consolidated Financial Statements relate to Nagarjuna Fertilizers and Chemicals Limited and its subsidiary companies (together referred to herein as "the Group"), and have been prepared on the following basis:

- The Financial Statements of the holding company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and unrealised profits or losses on intra group transactions as per Indian Accounting Standard (Ind AS) 110 – Consolidated Financial Statements notified by the Companies (Accounts) Rules, 2014.
- In case of associates where the holding company directly or indirectly through its subsidiaries holds more than 20% of Equity, Investments in Associates are accounted under

the equity method as per Indian Accounting Standard (Ind AS) 110 – Consolidated Financial Statements notified by the Companies (Accounts) Rules, 2016.

- The Financial Statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the holding company, i.e., March 31, 2024
- The excess of the cost to the holding company of its investment in the subsidiaries over the Company's share of equity is recognized in the Financial Statements as Goodwill and tested for impairment annually.
- The excess of the holding company's share of equity of the subsidiaries on the acquisition date, over its cost of investment is treated as Capital Reserve.
- Non-controlling interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the Group.

Non-controlling Minority interest in the net assets of consolidated subsidiaries consists of:

- The amount of equity attributable to non-controlling interest at the date on which investment in a subsidiary is made; and
  - The non-controlling interest's share of movements in the equity since the date the parent subsidiary relationship came into existence.
- Non-controlling interest in the net profit / (loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
  - Intra-group balances and intra-group transactions and resulting unrealized profits / losses have been eliminated.
  - In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at monthly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in "Foreign Currency Translation Reserve".
  - The consolidated Financial Statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the holding company's separate Financial Statements.

### Voluntary Liquidation of subsidiary:

The Subsidiary went into voluntary liquidation vide resolution passed by its Members on 25th April 2022.

The Financial Statement of the subsidiary for the year ended March 31, 2024 were prepared on Liquidation Basis. Value of Assets and liabilities are stated at Liquidation Value and these statements have been consolidated.



The company went into Voluntary Liquidation vide resolution passed by the Members on 25th April, 2022, Shri. Kranthi Kumar Kedari, Insolvency Professional, had been appointed as the Liquidator.

After issuance of GO by Govt of Karnataka (KIADB) cancelling the allocation of land and after prolonged litigation (due to lack of cash flows to support operations and financial creditors), JESCO (a subsidiary of NFCL) with loans went into Voluntary Liquidation under IBC with effect from April 25, 2022. As per IND AS accounting standards shares of JESCO (part of non current assets) were accordingly fully provided for. The liquidator after completing all formalities of voluntary liquidation proceedings had filed the petition for dissolution of JESCO on 01.10.2023 with NCLT, Bangalore.

Subsequently, the company has been informed by JESCO and noted by the Board of Directors of NFCL on May 20, 2024, that the Liquidator of JESCO is of the opinion that the JESCO will not be able to pay its debts in full from the proceeds of assets to be sold in the liquidation and accordingly, the liquidator has filed a Memo for withdrawal from Voluntary Liquidation Proceedings and the same is dismissed By NCLT Bangalore as withdrawn vide order dated 16/04/2024. The financials of the subsidiary for the Quarter / Year ended 31st March 2024, received from JESCO have been consolidated. Sale of non core assets (non current assets other than core assets) is part of the recovery process by secured lender for OTS.

### 2.1. Basis of preparation:

The Financial Statements of the group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended, on accrual basis under the historical cost convention, except for Derivative financial instruments and certain financial instruments, which are measured at fair value.

The Financial Statements are presented in INR and all values are rounded to two decimals to the nearest lakhs, except when otherwise indicated.

The financial statements have been approved for issue by the Board of Directors of the holding company in its meeting held on 20th May, 2024

### 2.2. Use of estimates:

The preparation of Consolidated Financial Statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- i. Measurement of defined benefit obligations - Note 25.1
- ii. Recognition of deferred tax asset/Liability- Note 17

- iii. Fair Value Measurement of financial Instruments - Note 35
- iv. Recognition of subsidy income - Note 20
- v. Provision for doubtful trade receivables - Note 7

### 2.3. Current versus non-current classification

An asset or liability is classified as current if it satisfies any of the following conditions:

- i. the asset/liability is expected to be realized/settled in the Group's normal operating cycle;
- ii. the asset is intended for sale or consumption;
- iii. the asset/liability is held primarily for the purpose of trading;
- iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- vi. in the case of a liability, the Group's does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

For the purpose of current/non-current classification of assets and liabilities, the Group has decided its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

### 2.4. Property, Plant and Equipment (PPE)

Property, plant and equipment is stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

All repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as Capital work-in-progress.

Depreciation is provided on pro-rata basis under the straight-line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the following exception:

- Continuous Process Plants' are depreciated for 37 years based on the technical evaluation of useful life done by the management.



The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Group has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

## 2.5. Intangible assets

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Trademarks and Services: 10 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Group has elected to measure all its intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

## 2.6. Impairment of non-financial assets

Assessment for impairment is done at each Balance Sheet date for any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date for any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, in which case, a reversal of an impairment loss for an asset is recognised in the Statement of Profit and Loss account.

## 2.7. Inventories

Inventories are valued at the lower of cost and net realisable value. Materials and other supplies held for use in the production of inventories are not written down below cost

if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs for different categories of inventories are as follows:

- Raw materials and Traded Products: Cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

- Finished goods and work in progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Net realisable value in the case of Urea is –

- the Group Concession Price notified by the Government of India in respect of finished goods lying at the factory, and

- the net sale price in respect of finished goods lying in the warehouses outside the factory.

Raw materials, work-in-progress, stores, spares, packing material and loose tools are valued at weighted average cost, less provision for depletion in value, if any.

## 2.8. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## 2.9. Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

### A. Financial assets

#### (i) Initial recognition

On initial recognition, financial assets other than Trade Receivables are recognised at fair value. Transaction cost that are directly attributable to acquisition of financial assets that are not at fair value through profit and loss (FVT-PL) are added to fair value on initial recognition.

#### (ii) Subsequent measurement:

Financial assets which are debt instruments are subsequently measured on the following basis, depending on their classification

- amortized cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

**(iii) When financial assets are Equity Instruments:**

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income (OCI) subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as other income in the Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI.

Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

**(iv) De-recognition:**

The Group derecognizes a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the financial asset and at the transfer qualifies for de-recognition under IND AS 109.

**(v) Trade Receivables and Loans:**

Trade receivables that do not contain a significant financing component are measured at transaction price. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

**(vi) Impairment:**

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall. The impairment losses and reversals are recognised in Statement of Profit and Loss.

**B. Financial liabilities:**

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

**(i) Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost as appropriate. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost, net of directly attributable transaction costs.

**(ii) Subsequent measurement:**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

**(iii) Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**C. Derivative financial instruments**

The Group holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate risk of changes in exchange rates on foreign currency exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any gains or losses arising from re-measurement are dealt in Statement of profit or loss.

This category has derivative financial assets or liabilities which are not designated as hedges. Although the company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS109, Financial Instruments, and hence categorized as financial assets or liability at fair value through profit or loss.

**D. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.10. Fair value measurement**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **2.11. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the

expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised. They are disclosed only when an inflow of economic benefit is probable from such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

#### **2.12. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discount and the schemes offered of the company as part of the contract.

The specific recognition criteria described below must also be met before revenue is recognised.

##### **Sale of Goods:**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In case of goods which are shipped subject to installation and inspection, revenue is normally recognized when the buyer accepts delivery, and installation and inspection are complete.

##### **Subsidy:**

Subsidy on Group Concession Price under Group Concession Scheme (GCS) and Freight are recognized in accordance with the norms prescribed by the Government of India – Fertiliser Industry Co-ordination Committee, with adjustments for escalation / de-escalation in the prices of inputs and other adjustments as estimated by the management in accordance with known policy parameters in this regard.

##### **Rendering of services:**

Revenue from sale of services is recognised as per the terms of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably.

**Interest income:**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable using effective interest method .

**Dividends:**

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**2.13. Employee benefits****(i) Gratuity:**

In accordance with the Payment of Gratuity Act, 1972 the Group provides gratuity as a defined benefit plan, to eligible Employees. Liability with regard to gratuity is determined by an independent actuary at every Balance Sheet date using the projected unit credit method.

The Group recognizes the net obligation of a defined benefit plan in the Balance Sheet as asset or liability. Gains or losses on re-measurements are recognized in Other Comprehensive Income (OCI). Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit and Loss.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss.

**(ii) Superannuation fund and provident fund:**

Superannuation and Provident Fund are in the nature of defined contribution plans.

The Group makes monthly contribution to approved superannuation fund covered by a policy with LIC of India. The Group has no further obligation beyond monthly contribution. The obligations under the said policy are accounted for on accrual.

The Group makes monthly contribution to the Provident Fund scheme and recognizes it as an expense, in the year in which employee renders the related service. The Group's Contribution towards Provident Fund is administered and managed by an approved trust. The Group has no obligation, other than the contribution payable to the Fund.

**(iii) Compensated absences:**

Liability for compensated absence is treated as a long term liability and is covered by a policy with Life Insurance Corporation ("LIC"). The estimated liability at each Balance Sheet date is determined by an independent actuary using the projected unit credit method and is recognised in the accounts accordingly.

**2.14. Taxes****(i) Current income tax:**

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or Other Comprehensive Income (OCI), in which case the tax is also recognized in equity or Other Comprehensive Income (OCI).

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax asset/liability is measured at the amount expected to be recovered from or paid to the taxation authorities.

**(ii) Deferred tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent there is no longer probable that the related tax benefit will be realized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.15. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

In the case of a loan or assistance provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The Grant is initially recognised and measured at fair value and subsequently measured in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments (financial liabilities). The government grant is measured as the difference between the initial carrying value of the loan and the proceeds received and recognised as income on a systematic basis over the periods the related costs, for which it is intended to compensate, are expensed.

**2.16. Leases**

The Group, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.



The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

### 2.17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset in the period in which they are incurred, until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Interest earned on temporary investments out of specific borrowings made for qualifying assets is deducted from the borrowing costs eligible for capitalisation to those assets.

### 2.18. Research and development costs

Expenditure relating to capital items is treated as fixed assets and depreciated at applicable rates. Revenue expenditure during research period is charged to Statement of Profit and Loss in the year in which it is incurred.

### 2.19. Foreign currency transactions

The Group's Financial Statements are presented in Indian Rupees, which is its functional currency.

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### Measurement of foreign currency items at reporting date:

Foreign currency denominated monetary assets and liabilities remaining unsettled at the end of the year are translated into functional currency at exchange rates prevailing at the Balance Sheet date. Exchange differences arising on translation of monetary items are recognised in Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated using exchange rate prevalent on the date of transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

### 2.20. Earnings per share

Basic earnings per equity share is computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

### 2.21. Investments

Investments are classified as Non Current and Current. Non Current Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

### 2.22. Exceptional Items

Exceptional items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items are disclosed separately as exceptional items.



**3. Property, Plant and Equipment:**

Rs. in Lakhs

Particulars	Gross Block (At Cost)				Depreciation / Impairment						Net Block	
	As at March 31, 2023	Additions during the year	Deductions / Adjustments during the year	As at March 31, 2024	Depreciation Upto March 31, 2023	Impairment Upto March 31, 2023	Depreciation For the year	Impairment for the year	Deductions / Adjustments during the year	Total Upto Mar 31, 2024	As at March 31, 2024	As at March 31, 2023
<b>Tangible Assets</b>												
Land *	116,027.77	-	2,305.00	113,722.77	-	14,082.00	-	63,407.20 *	2,305.00	75,184.20	38,538.57	101,945.77
Buildings	12,873.46	-	-	12,873.46	5,877.36	3,682.00	208.53	-	-	9,767.89	3,105.57	3,314.10
Plant & Equipment	149,923.37	25.75	-	149,949.12	56,331.60	63,978.40	4,701.71	-	-	125,011.71	24,937.41	29,613.37
Furniture & Fixtures	107.93	1.22	4.15	105.00	88.70	-	4.14	-	3.88	88.96	16.04	19.23
Office Equipment	1,371.93	85.83	-	1,457.76	1,139.90	-	47.65	-	-	1,187.55	270.21	232.03
Vehicles	89.31	-	4.05	85.26	69.46	-	3.90	-	3.80	69.56	15.70	19.85
Roads, Drains & Culverts	132.14	-	-	132.14	66.92	-	2.85	-	-	69.77	62.37	65.22
Railway Siding	46.63	-	-	46.63	-	-	-	-	-	-	46.63	46.63
<b>Total</b>	<b>280,572.53</b>	<b>112.80</b>	<b>2,313.20</b>	<b>278,372.12</b>	<b>63,573.94</b>	<b>81,742.40</b>	<b>4,968.78</b>	<b>63,407.20</b>	<b>2,312.68</b>	<b>211,379.64</b>	<b>66,992.50</b>	<b>135,256.20</b>
Previous Year	280,492.25	86.10	5.81	280,572.53	55,650.48	14,223.01	7,926.99	67,519.40	3.54	145,316.34	135,256.20	210,618.76

\* Land:

- Includes cost of 5 acres - Rs.100 lakhs , situated at Wargal village, Telangana State, the possession of which is yet to be taken, as the title of seller is under dispute. Cost of this land has been impaired in FY 2020- 21.
- Does not include cost of 33.35 acres situated at Kakinada plant site, cost not ascertainable, , which is in the possession and use of the Company, pending fixation of compensation by the State Government, pending registration of title in the name of the Company.
- Doesnot include cost of 14.06 acres situated at Kakinada Plant site, cost not ascertainable, pending completion of alienation and handing over of possession to the Company by Govt of Andhra Pradesh, out of which 3.14 acres covered by restrictive provisions of Andhra Pradesh Land Reforms Act, 1973.
- Includes land of 1040.28 acres in Kakinada allocated by the Government of AP for settingup Ammonia/ Urea fertilizer plant, in which the company's urea manufacturing plants are situated. These lands were allocated/ awarded to the company by the State Government under its GOs and Agreements.
- Includes Rs. 4185.39 lakhs, the cost of 340.11 acres (104 cases) situated at Nellore, AP, which is in the possession of the Company but not registered in the name of the company due to defective title and has been fully impaired alongwith lands at Kapavaram and Wargal aggregating to Rs 14,082.00 lakhs in FY 2020- 21. .

Refer Note 14 for details of PPE offered as security for Borrowings.

Refer Note 31 for details of PPE Impairment.

**3A. Capital Work-In-Progress:**

Rs. in Lakhs

Particulars	Gross (At Cost)				Impairment			Net	
	As at March 31, 2023	Additions during the year	Transfer to Tangible asset / Disposals / Deductions	As at March 31, 2024	Upto March 31, 2023	Impairment for the year	Total Upto March 31, 2024	As at March 31, 2024	As at March 31, 2023
CWIP - Plant and Equipment	776.68	85.03	93.71	768.00	758.00	-	758.00	10.00	18.68
<b>Total</b>	<b>776.68</b>	<b>85.03</b>	<b>93.71</b>	<b>768.00</b>	<b>758.00</b>	<b>-</b>	<b>758.00</b>	<b>10.00</b>	<b>18.68</b>
<b>Previous Year</b>	<b>781.75</b>	<b>62.33</b>	<b>67.40</b>	<b>776.68</b>	<b>758.00</b>	<b>-</b>	<b>758.00</b>	<b>18.68</b>	<b>23.75</b>

\*Refer Note No. 46(vi) for Ageing and completion schedules of CWIP

**4. Investments - Unquoted, At Cost, Non-current:**

Rs. in Lakhs

Particulars	March 31, 2024		March 31, 2023	
	No. of shares	Cost	No. of shares	Cost
<b>In Associates, In Equity Shares of RS.10/- each fully paid up</b>				
KVK Raju International Leadership Limited	150,000	15.00	150,000	15.00
<b>Total - (A)</b>		<b>15.00</b>		<b>15.00</b>
<b>Other Companies - Unquoted (Fully paid - other than trade)</b>				
Nagarjuna Agricultural Research and Development Institute Private Limited	25,020	2.50	25,020	2.50
<b>Total - (B)</b>		<b>2.50</b>		<b>2.50</b>
<b>Total - (A+B)</b>		<b>17.50</b>		<b>17.50</b>
Less: Provision for diminution				
- Associates		15.00		15.00
- Other Companies		2.50		2.50
		<b>0.00</b>		<b>0.00</b>
Aggregate amount of Un-Quoted Investments		17.50		17.50
Aggregate amount of diminution in value of Investments		17.50		17.50

**5. Other Financial Assets**

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Interest Accrued on Deposits and advances	-	-	29.87	10.51
Security Deposit	480.60	451.41	8,616.89	50.53
Other Receivables	-	-	-	0.90
	<b>480.60</b>	<b>451.41</b>	<b>8,646.76</b>	<b>61.94</b>

**6. Inventories:**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Raw materials	171.40	215.49
Work in progress	445.90	499.89
Finished Goods - Manufactured goods	1,195.15	1,647.62
Stock In Transit - Manufactured goods	2,151.50	2,675.77
Traded goods	872.10	924.48
Packing materials	177.08	125.57
Stores and Spares	1,527.19	1,130.69
Loose tools	3.04	2.11
<b>Total</b>	<b>6,543.36</b>	<b>7,221.62</b>

**7. Trade Receivables:**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Unsecured -Considered good	43,595.72	38,755.42
Which have significant increase in Credit Risk	788.37	1,630.41
Credit Impaired	7,265.99	6,244.97
	51,650.08	46,630.80
Less: Provision for doubtful debts	7,724.13	6,937.01
<b>Total</b>	<b>43,925.95</b>	<b>39,693.79</b>

Particulars	March 31, 2024	March 31, 2023
7.1. Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-

7.2. Trade Receivables includes subsidy and other dues of Rs. 39,613.50\* Lakhs (Previous Year Rs. 37,819.30 Lakhs) receivable from Government of India and Rs. 6,768.96 Lakhs (Previous Year Rs. 5,805.44 Lakhs) from State Governments.

\*Includes Rs.59.57 lakhs due from SFAC on account of implementation of eNAM project. The company had closed the iKisan division operations due to severe financial constraints. As the Company is unable to perform the contractual obligations with SFAC for eNAM Project due to closure of iKisan division, the remaining contract work had been outsourced to a vendor who invested their resources to fulfil the contractual obligations of NFCL. As agreed, the entire amount receivable from eNAM project is payable to the vendor.

7.3. The subsidy due from GOI is being credited to an Escrow Account maintained with IDBI Bank. GAIL has a first preference as per Escrow Agreement entered among GAIL, NFCL, ACRE & IDBI.

Department of Fertilizers (DOF) has revised the Office Memorandum on subsidy sharing mechanism vide No 12012/30/2013-FPP dated 25.11.2021, to transfer 40% of subsidy to Gas Pool Fund Account and 60% to NFCL for its operations. Out of the company's share, GAIL has a first preference as per Escrow Agreement which was extended on 19.06.2023 till 30.06.2024.

#### 7. 4 Trade Receivables ageing schedule

Rs. in Lakhs

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at Mar 31, 2024</b>						
(i) Undisputed Trade receivables – considered good	41,544.11	1,413.44	559.47	501.32	7,631.74	<b>51,650.08</b>
Less: Provision for Doubtful Debts	-	-	5.84	226.57	7,491.72	<b>7,724.13</b>
Net Receivables	41,544.11	1,413.44	553.63	274.75	140.02	<b>43,925.95</b>
<b>As at Mar 31, 2023</b>						
(i) Undisputed Trade receivables – considered good	38,057.61	313.33	107.00	844.28	7,308.58	<b>46,630.80</b>
Less: Provision for Doubtful Debts	-	-	18.40	127.99	6,790.62	<b>6,937.01</b>
Net Receivables	38,057.61	313.33	88.60	716.29	517.96	<b>39,693.79</b>

#### 8. Cash and Cash Equivalents

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>Balances with Banks</b>		
Current Accounts	999.62	1,784.08
Cash on hand	17.43	15.78
<b>Total</b>	<b>1,017.05</b>	<b>1,799.86</b>

#### 9. Bank Balances (Other than the items reported at Note No.8)

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Margin Money Deposits	376.08	223.56
Amount lien marked to pay ACRE	1627.04	2017.30
<b>Total</b>	<b>2003.12</b>	<b>2240.86</b>

#### 10. Current Tax Assets (Net)

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Advance Income Tax	60.73	243.53
<b>Total (net)</b>	<b>60.73</b>	<b>243.5</b>

**11. Other Assets:**

Rs. in Lakhs

Particulars	Non Current		Current	
	Mar 31, 2024	March 31, 2023	Mar 31, 2024	March 31, 2023
i) Capital Advances				
Unsecured - considered doubtful	70.85	70.85	378.53	370.15
Less: Provision for Doubtful advances	70.85	70.85	-	-
<b>Total - A</b>	<b>-</b>	<b>-</b>	<b>378.53</b>	<b>370.15</b>
ii) Other Advances				
- Unsecured, considered good	-	-	6,340.75	5,999.45
- Unsecured, considered doubtful	-	-	362.11	362.11
	-	-	6,702.86	6,361.56
Less: Provision for Doubtful advances	-	-	362.11	362.11
<b>Total - B</b>	<b>-</b>	<b>-</b>	<b>6,340.75</b>	<b>5,999.45</b>
iii) Advances to directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-	-	-
iv) Prepaid Expenses	-	-	614.53	711.35
v) Gratuity fund - excess of plan assets over liability	-	-	174.06	-
vi) Balance with Government Authorities	-	-	-	112.50
<b>Total - C</b>	<b>-</b>	<b>-</b>	<b>788.59</b>	<b>823.85</b>
<b>Total - (A+B+C)</b>	<b>-</b>	<b>-</b>	<b>7,507.87</b>	<b>7,193.45</b>

**12. Share Capital**

Rs. in Lakhs

Particulars	March 31, 2024		March 31, 2023	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
<b>Authorised</b>				
Equity Shares of Rs. 1/- each	6,210,000,000	62,100.00	6,210,000,000	62,100.00
Preference Shares of Rs. 1/- each	1,800,000,000	18,000.00	1,800,000,000	18,000.00
<b>Total</b>		<b>80,100.00</b>		<b>80,100.00</b>
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of Rs. 1/- each fully paidup	598,065,003	5,980.65	598,065,003	5,980.65

**12.1. Reconciliation of the Number of Equity Shares of Rs. 1 each.**

Rs. in Lakhs

Particulars	March 31, 2024		March 31, 2023	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Balance at the beginning of the year	598,065,003	5,980.65	598,065,003	5,980.65
<b>Balance at the end of the year</b>	<b>598,065,003</b>	<b>5,980.65</b>	<b>598,065,003</b>	<b>5,980.65</b>

**12.2. Rights, Preferences and Restrictions attached to equity shares**

The Company's issued, subscribed and paidup capital comprises of equity shares of par value of Rs. 1/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**12.3. Details of shareholders holding more than 5% of the Equity Shares of Rs. 1/- each**

Rs. in Lakhs

Name of the shareholder	March 31, 2024		March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Amlika Mercantile Private Limited	296,072,140	49.51	296,072,140	49.51

**Note:** The above shareholding is as per the records of the company, including its register of Shareholders/members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownership of shares.

**12.4. In the period of Five Years immediately preceding the date at which the Balancesheet is prepared -**

- i) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil (P Y: Nil)
- ii) Aggregate number and class of shares allotted as fully paid up by way of Bonus Shares - Nil (P Y: Nil)
- iii) Aggregate number and class of shares bought back - Nil (P Y: Nil)

**12.5. Shareholding of Promoters as defined in the Companies Act, 2013**

Rs. in Lakhs

S. No.	Promoter Name	At the beginning of the year		At the end of the year		% change during theyear
		No. of Shares	% of total Shares	No. of Shares	% of total Shares	
1	Amlika Mercantile Private Limited	296,072,140	49.51	296,072,140	49.51	Nil
2	Governor of Andhra Pradesh	21,427,989	3.58	21,427,989	3.58	Nil
3	KRIBHCO	11,000,000	1.84	10,162,726	1.70	0.14
4	Fireseed Limited	8,800,000	1.47	8,800,000	1.47	Nil
5	Saipem SPA	4,400,000	0.73	4,400,000	0.73	Nil
	<b>TOTAL</b>	<b>341,700,129</b>	<b>57.13</b>	<b>340,862,855</b>	<b>56.99</b>	<b>0.14</b>

**13. Other Equity**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>i) Capital Reserve</b>		
Opening Balance	51,853.85	51,853.85
Changes during the year	-	-
Closing Balance	<b>51,853.85</b>	<b>51,853.85</b>
<b>ii) Securities Premium</b>		
Opening Balance	109,619.35	109,619.35
Changes during the year	-	-
Closing Balance	<b>109,619.35</b>	<b>109,619.35</b>
<b>iii) General Reserve</b>		
Opening Balance	13,382.57	13,382.57
Changes during the year	-	-
Closing Balance	<b>13,382.57</b>	<b>13,382.57</b>
<b>iv) Retained Earnings</b>		
Opening Balance (Including opening balance of OCI)	(388,783.48)	(298,770.31)
Add: Net Profit / (Loss) after tax for the year	(128,399.28)	(90,013.17)
Closing Balance	<b>(517,182.76)</b>	<b>(388,783.48)</b>
<b>v) Other Comprehensive Income (for the Current Year)</b>		
Items of other comprehensive income - which will not be reclassified to P & L :		
Remeasurement of post employment benefit obligations, net of tax		
Opening Balance	969.79	688.49
Add: for the year	166.46	281.30
Closing Balance	<b>1,136.25</b>	<b>969.79</b>
<b>Total [ i to v]</b>	<b>(341,190.74)</b>	<b>(212,957.92)</b>
Non Controlling interest		
Opening Balance	(0.20)	(0.19)
Add: for the year	(0.02)	(0.01)
Closing Balance	<b>(0.22)</b>	<b>(0.20)</b>

**Nature of Reserves**

- (a) **Capital Reserve:** During the composite scheme of arrangement and amalgamation, the excess of net assets taken over the cost of consideration paid is treated as capital reserve.
- (b) **Securities Premium:** The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.
- (c) **General Reserve:** The Company has transferred a portion of its net profit before declaring dividend to general reserve pursuant to the provisions of Companies Act 1956.
- (d) **Retained Earnings:** Retained earnings are the profits earned or loss incurred by the Company till date including OCI, less any transfers to general reserve, dividends or other distributions paid to shareholders.



**14. Borrowings**

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>i) Term Loans - Secured</b>				
Rupee loans from Banks (CAP Loans, WCTL & CRL)	-	-	104,868.28	89,282.81
Rupee Loan from Other Parties - Dept. of Biotechnology, GOI	-	-	534.79	490.96
<b>ii) Rupee Loans repayable on Demand -Secured - from Banks</b>				
Cash Credit Facility and Short term Loans	-	-	218,354.37	191,191.91
<b>iii) Deferred Payment Liabilities - Unsecured</b>				
Sales tax Deferral from Government of AP	-	1,213.06	2,343.49	2,010.99
<b>Total</b>	<b>-</b>	<b>1,213.06</b>	<b>326,100.93</b>	<b>282,976.67</b>

**14.1 Details of Borrowings**

Rs. in Lakhs

S. No.	Borrowings	Non-Current		Current	
		o/s bal. as at 31.03.2024	o/s bal. as at 31.03.2023	o/s bal. as at 31.03.2024	o/s bal. as at 31.03.2023
<b>A</b>	<b>CAP Loans (WCTL)- from Banks, Secured **</b>				
1	I D B I Bank Limited (Sanctioned - Rs 34,000 lakhs)	-	-	21,800.00	21,800.00
2	State Bank of India(Sanctioned - Rs 22,200 lakhs)	-	-	16,648.24	16,648.24
3	ICICI Bank Limited(Sanctioned - Rs 8,400 lakhs)	-	-	5,460.00	5,460.00
4	UCO Bank(Sanctioned - Rs 1,300 lakhs)	-	-	1,007.50	1,007.50
	Total Principal	-	-	44,915.74	44,915.74
5	Interest accrued on the above loans	-	-	53,905.19	39,218.30
	<b>Total - (A)</b>			<b>98,820.93</b>	<b>84,134.04</b>
<b>B</b>	<b>Corporate Rupee Loans (CRL)-from Banks, Secured **</b>				
6	SBI -Corporate Loan (Sanctioned - Rs 5,000 lakhs)	-	-	2,398.24	2,398.24
7	Interest accrued on the above loans	-	-	3,649.11	2,750.53
	<b>Total - (B)</b>	<b>-</b>	<b>-</b>	<b>6,047.35</b>	<b>5,148.77</b>
<b>C</b>	<b>Term Loans -from others, Secured</b>				
8	Deptt of Bio Technology, GOI (Sanctioned - Rs 1,141.80 lakhs)	-	-	310.54	309.77
9	Interest accrued on the above loans	-	-	224.25	181.19
	<b>Total - (C)</b>			<b>534.79</b>	<b>490.96</b>
<b>D</b>	<b>Loans repayable on demand and STL - from Banks, Secured **</b>				
10	Cash Credit	-	-	140,198.19	131,464.61
11	Short Term Loan (STL) Takenover from UCO and ICICI	-	-	6,994.73	6,991.69
				147,192.92	138,456.30
12	Interest accrued on the above loans	-	-	71,161.45	52,735.61
	<b>Total - (D)</b>	<b>-</b>	<b>-</b>	<b>218,354.37</b>	<b>191,191.91</b>
<b>E</b>	<b>Deferred payment liabilities - Unsecured</b>				
13	<b>Sales tax Deferral from Government of AP - Total - (E)</b>		<b>1,213.06</b>	<b>2,343.49</b>	<b>2,010.99</b>
	<b>Grand Total (A to E)</b>	<b>-</b>	<b>1,213.06</b>	<b>326,100.93</b>	<b>282,976.67</b>

\*\* 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. Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

**14.2 CAP Loans - Working Capital Term Loan (Part of CAP loans) \*\***

**14.2.1** Assessed Working Capital Term Loans (WCTL) - Rs 80,000 lakhs (Sanctioned Rs 65,900 lakhs and disbursed Rs 62,100 lakhs) are secured by first charge on the fixed assets (movable and immovable) of the Company both present and future on pari-passu basis among the lenders; first pari-passu charge on the entire current assets of the Company; pledge of core promoters' shares (26.16 Crores Shares) on pari-passu basis among the lenders and personal guarantees of Shri K S Raju and Shri K Rahul Raju, former Director and Managing Director of the Company respectively to the tune of Rs 80,000 lakhs. (Refer Note No 14.7)

**14.2.2 Details of terms of repayment of WCTL \*\*::**

S.No.	Bank / Institution	Rate of Interest %	Number of Instalments
a)	IDBI Bank Limited	BBR +3.00	23 Qly instalments commencing from July 2016
b)	State Bank of India	MCLR+4.10	23 Qly instalments commencing from July 2016
c)	ICICI Bank Limited	I-MCLR+4.35	23 Qly instalments commencing from July 2016
d)	UCO Bank	SBI Base rate + 4.50	23 Qly instalments commencing from July 2017

**14.2.3 Period and amount of default as on balance sheet date in repayment of WCTL and interest thereon \*\*:.**

Particulars	As at 31.03.2024		As at 31.03.2023	
	Period of Default	Amount Rs.in Lakhs	Period of Default	Amount Rs.in Lakhs
<b>Principal</b>				
IDBI Bank Limited	0-2101 days	21,800.00	0-1735 days	21,800.00
State Bank of India	0-2101 days	16,648.24	0-1735 days	16,648.24
ICICI Bank Limited	0-1917 days	5,460.00	0-1551 days	5,460.00
UCO Bank	0-2028 days	1,007.50	0-1662 days	1,007.50
<b>Total</b>		<b>44,915.74</b>		<b>44,915.74</b>
<b>Interest</b>				
IDBI Bank Limited	0-1644 days	19,808.16	0-1278 days	13,887.67
State Bank of India	0-1919 days	25,175.17	0-1553 days	18,995.97
ICICI Bank Limited	0-1918 days	7,803.81	0-1552 days	5,503.10
UCO Bank	0-1887 days	1,118.06	0-1521 days	831.56
Others				
<b>Total</b>		<b>53,905.20</b>		<b>39,218.30</b>

**14.3. Corporate Rupee loan - SBI \*\*:.**

Corporate Rupee loan from State Bank of India carries interest @ 4.60% above base rate with a minimum of 14.60%, is secured by first charge on hypothecation of chargeable current assets of the Company ranking pari-passu among lender banks in the consortium and collaterally secured by first / pari-passu on the fixed assets of the Company and personal guarantee of Shri K.S.Raju, former Director of the Company. The loan is repayable in 20 quarterly instalments commencing from December 2014.

**14.3.1 Period and amount of default as on balance sheet date in repayment of Corporate Loan to SBI and interest thereon \*\*:.**

Particulars	As at 31.03.2024		As at 31.03.2023	
	Period of Default	Amount Rs.in Lakhs	Period of Default	Amount Rs.in Lakhs
Principal	0-2101 days	2,398.24	0-1735 days	2,398.24
Interest	0-2101 days	3,649.11	0-1735 days	2,750.53
<b>Total</b>		<b>6,047.35</b>		<b>5,148.77</b>

**14.4** The term loans (three loans) from Department of Bio Technology (DBT), Government of India for Process Development Unit carries simple interest of 2.0% per annum is secured by way of hypothecation of all equipment, apparatus, machineries, spares, tools and other accessories and goods and other movable properties of the company acquired for the project. The loans are repayable in 10 equal half-yearly instalments commencing from October 2014, June 2014 and October 2018 respectively.

**14.4.1 Period and amount of default as on balance sheet date in repayment of Loans to DBT and interest thereon.**

Particulars	As at 31.03.2024		As at 31.03.2023	
	Period of Default	Amount Rs.in Lakhs	Period of Default	Amount Rs.in Lakhs
Principal	0-2132 days	310.54	0-1766 days	309.77
Interest	0-2132 days	224.25	0-1766 days	181.19
<b>Total</b>		<b>534.79</b>		<b>490.96</b>

**14.5. Loans repayable on demand (Cash Credit & Short Term Loan) from Banks (Part of CAP loans) \*\*:.**

Cash Credit Facility from 7 banks aggregating to Rs 3,05,000 lakhs (Rs 85,000 lakhs of Fund based and Rs 2,20,000 lakhs of Non Fund Based) are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares, present and future) of the company ranking pari-passu among the lenders in the consortium; second charge on the company's present and future immovable properties and fixed assets ranking pari-passu among the WC consortium members and personal guarantee of Shri K.S.Raju former Director and Shri. K Rahul Raju Managing Director of the Company for rectification of account with funding (CAP) which have been disputed in view of non implementation of Corrective Action Plan.

**14.5.1 Rate of interest, period and amount of default on borrowings and interest thereon under Cash Credit & Short term loan are as under \*\* :**

S.No.	Bank / Institution - Takenover by ACRE	Rate of Interest %	Period and amount of default on balance sheet date in repayment of borrowings and interest
a)	IDBI Bank Limited	5.25 + IDBI MCLR	The loans are in default for a period ranging from 6 to 7 years and the amount of default is Rs.2,18,354.37 lakhs, which are calculated as per the terms of CAP. (Previous year, default period ranging from 5 to 6 years and amount Rs 1,19,191.91 lakhs) (Refer Note 14.7)
b)	State Bank of India	4.3+Base rate (14%)	
c)	ICICI Bank Limited (including Short Term Loan)	3.25+Ibase (12.95%)	
d)	UCO Bank	4.5+sbi rate (13.8%)	
e)	Punjab National Bank	3.2+Base rate (13.45%)	
f)	Bank of India	4.3+base rate (14%)	
g)	Indian Overseas Bank	4.5+MCLR (14.2%)	

**14.6 Sales Tax Deferral Loan:** The Government of Andhra Pradesh sanctioned Sales Tax deferral facility to the Company with a final eligibility of Rs 1,01,746.56 lakhs, subject to the restriction of loan to the actual Sales Tax collected on the sale of the products manufactured by the Company during the period of 14 years from 19.03.1998 to 18.03.2012. The Sales Tax deferred in a year should be repaid at the end of 14th year without interest. Repayment of this loan was commenced on March 19, 2012. The deferred Sales Tax outstanding as on March 31,2024 is Rs. 2,343.49 Lakhs (Previous Year Rs.3,354.48Lakhs). As at the balance sheet date, the Company has defaulted in payment of instalment due on 19.03.2024 amounting to Rs. 1000Lakhs for a period of 13days (Previous year Rs 837.16 lakhs for a period of 13 days).

**14.7** The company is in default of principal and interest during the year on the borrowings from various lenders on account of non implementation of CAP. 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. 3,05,000 lakhs (Rs.85,000 lakhs under Fund Based & Rs.2,20,000 lakhs under Non-Fund Based) and Rs.80,000 lakhs of 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 non sanction / release of assessed funds by the lenders (non implementation of CAP), the company's account after the GAIL Pipe Line accident could not be rectified in 2015-16 and went into severe financial stress increasing indebtedness and losses resulting in defaults. 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 debt in the books (CAP loans) are disputed and are sub-judice. Pending resolution of the CAP loans and disputes (working capital and term loans in the books of the Company), the Company has been accounting for the interest / penal interest during the year on the borrowings as per the rate of interest mentioned in the sanction letters and as per CAP and other loan arrangements. This is not confirmation of dues. Adjustments, if any, for the principal, interest and penal interest accounted will be dealt on the outcome of the Debt Resolution Plan agreed by the company and lenders.

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 the Hon'ble High Court of Telangana, which has restrained the lenders from taking any coercive action against the company. 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 since 6 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.

Without prejudice to the rights of the company and guarantors, the company has accordingly recorded the communication from ACRE-112-TRUST.

The 100% cash margin of Rs. 8,550.00 lakhs deposited for providing Bank Guarantee for gas supplies, has been adjusted by the lenders unilaterally without informing or taking approval from the company Rs 1,723.78 lakhs and Rs 6,826.22 lakhs against outstanding during FY 2021-22 and FY 2020-21 respectively along with interest. While the company has reduced the amount from the outstanding loans, the adjustment and the outstanding have been disputed by the company. Details of appropriation of the margin money adjusted Bank-wise were also not made available to the Company.

During the year the above Bank Guarantee issued to GAIL had been invoked and honoured by IDBI Bank Limited. Accordingly the balances in the Cash Credit account of IDBI Bank Limited has been increased by Rs. 8,550.00 Lakhs.

**15. Other Financial Liabilities**

Rs. in Lakhs

Particulars	Non-current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Other Payable	-	-	105.75	105.75
Deposits from dealers	6,690.36	6,768.09	1,429.17	344.86
Other Deposits - (Retention Money, EMD etc.)	215.15	214.97	25.00	25.00
Creditors for purchase of fixed assets	-	-	1,248.55	1,312.91
<b>Total</b>	<b>6,905.51</b>	<b>6,983.06</b>	<b>2,808.47</b>	<b>1,788.52</b>

**16. Provisions**

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Provision for employee benefits (Refer Note 25.1)				
- for Leave Benefit (net of plan assets)	61.56	585.28	184.84	359.46
- Gratuity	-	-	-	238.76
<b>Total</b>	<b>61.56</b>	<b>585.28</b>	<b>184.84</b>	<b>598.22</b>

**17. Deferred Tax Liabilities (Net)**

17.1 Deferred Tax Liability comprises of the following:

Rs. in Lakhs

Particulars	Nature	March 31, 2024	March 31, 2023
Depreciation / amortization	Liability	6,859.52	8,072.83
Employee benefit provision	Asset	76.88	369.24
Unabsorbed Loss and Depreciation under tax laws	Asset	7,562.72	7,226.46
Disallowances u/s 43B of Income Tax Act	Asset	41.44	-
Government grant	Asset	-	-
	<b>Net Liability</b>	<b>(821.52)</b>	<b>477.13</b>

**17.2 Reconciliation of Defered Tax**

Rs. in Lakhs

Particulars	As at 31-Mar-22	Recognized during the Year	As at 31-Mar-23	Recognized during the Year	As at 31-Mar-24
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation/ Amortisation)	31,226.17	(23,153.34)	8,072.83	(1,213.31)	6,859.52
<b>Total deferred tax liability (A)</b>	<b>31,226.17</b>	<b>(23,153.34)</b>	<b>8,072.83</b>	<b>(1,213.31)</b>	<b>6,859.52</b>
<b>Deferred tax assets:</b>					
Carry forward Business Loss / Unabsorbed Depreciation	6,842.76	383.70	7,226.46	336.26	7,562.72
Employee benefit provisions	328.82	40.42	369.24	(292.36)	76.88
Disallowances u/s 43B(h) of Income Tax Act	-	-	-	-	-
<b>Total deferred tax assets (B)</b>	<b>7,171.58</b>	<b>424.12</b>	<b>7,595.70</b>	<b>43.90</b>	<b>7,639.60</b>
<b>Deferred Tax liability (Net) (A-B)</b>	<b>24,054.59</b>	<b>(23,577.46)</b>	<b>477.13</b>	<b>(1,257.21)</b>	<b>(780.08)</b>

**18. Other Liabilities**

Rs. in Lakhs

Particulars	Non Current		Current	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Fair value adjustment - Government Grants				
- Sales tax deferral	-	-	-	343.67
- Loan from Dept. Bio-Technology (Refer Note 14)	-	-	-	2.12
Others				
Employee costs payable	-	-	699.03	839.48
Insurance Claim received pending final settlement	-	-	0.96	-
Statutory dues Payable	-	-	467.00	781.96
Others			56.08	
Others Dues Payable			0.23	0.47
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,223.30</b>	<b>1,967.70</b>

**19. Trade Payables**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
(A) Due to Micro, Small, Medium Enterprises (MSMEs)	132.81	83.85
(B) Due to Other than MSMEs	1,35,802.35	1,04,485.32
	<b>1,35,935.16</b>	<b>1,04,569.17</b>

19.1. Dues to Micro and Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company. Disclosures under MSMED Act are given below:

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
A. Principal amount remaining unpaid	132.81	83.85
B. Interest due thereon	19.12	41.47
C. Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	0.00	0.00
D. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	0.00	0.00
E. Interest accrued and remaining unpaid	19.12	41.47
F. Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	0.00	0.00

**19.2 Trade Payables ageing schedule as on 31-03-2024**

Rs. in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME Creditors	122.29	0.00	1.19	9.33	132.81
Previous Year	33.19	0.42	0.00	50.24	83.85
(ii) Other Creditors	1,26,487.35	959.55	334.46	8,020.99	1,35,802.35
Previous Year	96,496.53	451.93	282.89	7,253.97	1,04,485.33
<b>Total</b>	<b>1,26,609.64</b>	<b>959.55</b>	<b>335.65</b>	<b>8,030.32</b>	<b>1,35,935.16</b>
<b>(Previous Year)</b>	<b>96,529.72</b>	<b>452.35</b>	<b>282.89</b>	<b>7,304.21</b>	<b>1,04,569.17</b>

**20. Revenue from Operations**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
<b>Sales, including Subsidy on products &amp; freight</b>		
<b>Manufactured goods</b>		
Urea (Refer Note 20.1) *	4,73,905.69	5,62,778.18
Customised Fertilizers	-	377.13
Extruded Irrigation systems	2,578.70	941.64
<b>Total</b>	<b>4,76,484.39</b>	<b>5,64,096.95</b>
<b>Traded goods</b>		
Specialty Fertilizers	26.63	-
<b>Total</b>	<b>26.63</b>	<b>-</b>
<b>Total Sale of Products</b>	<b>4,76,511.02</b>	<b>5,64,096.95</b>
<b>Sale of Services</b>	<b>-</b>	<b>-</b>
<b>Other Operating revenues (sale of scrap, waste.)</b>	<b>27.58</b>	<b>123.21</b>
<b>Total</b>	<b>4,76,538.60</b>	<b>5,64,220.16</b>

\* including Government Subsidy of ₹ 4,04,754.29 Lakhs (Previous Year Rs.5,03,573.11 Lakhs).

**20.1. Group Concession Scheme – (GCS) Subsidy**

- Nitrogenous fertilizers (Urea) are under the Group Concession Subsidy scheme of Government of India (GOI), Department of Fertilizers. GOI has notified New Urea Policy (NUP)-2015 from 1st June, 2015 to 31st March, 2019. GOI vide its notification dated 14th May, 2019 has extended the duration of NUP-2015 from 1st April, 2019 till further orders. Gas Pooling Policy applicable to Fertilizer industry effective from June 1, 2015. Concession rates for Plant-1 and Plant 2 for the period April 1, 2023 to December 31, 2023 have been recognized based on notified rates as per respective policies.



Further De-escalations Rs.8,790.77 Lakhs (Previous year De-escalations Rs. 20,732.96 Lakhs), have been accounted for during the year as per the gas pool prices and provisions applicable under NPS-III, Modified NPS-III, NUP-2015 and Letter dated March 30, 2020 related to Modified NPS-III policy. Adjustments, if any, required will be considered on notification of final prices.

- ii. Government of India / Department of Fertilizers has implemented Direct Benefit Transfer (DBT) in Fertilizer Sector in all the States of the Country from 1st March, 2018. The subsidy income for the period April, 2023 to March, 2024, has been recognized in the accounts for the entire quantities received in the States under DBT scheme.

## 21. Other Income

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Interest on Bank Deposits and others	34.61	21.69
Fair value adjustment - Government Grants	345.79	347.91
Other non-operating income	1,184.02	5,967.80
Profit on sale of PPE	628.78	6.89
<b>Total</b>	<b>2,193.20</b>	<b>6,344.29</b>

## 22. Cost of Materials consumed

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Natural Gas	2,37,346.99	2,78,217.47
Plastic Granules	536.28	776.80
Others	1,205.77	1,035.34
Packing Material	5,009.18	4,843.50
<b>Total</b>	<b>2,44,098.22</b>	<b>2,84,873.12</b>

## 23. Purchases of Stock-in-Trade

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Packing Material	12.14	32.30
Others	117.39	445.93
<b>Total</b>	<b>129.53</b>	<b>478.23</b>

## 24. Changes in inventories of finished goods, stock-in-trade and work in progress:

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Inventories at the beginning of the year		
Traded goods	924.48	989.71
Finished Goods	4,323.39	1,843.86
Work in Progress	499.89	445.77
<b>Total - (A)</b>	<b>5,747.76</b>	<b>3,279.34</b>
Inventories at the end of the year		
Traded goods	872.10	924.48
Finished Goods	3,346.66	4,323.39
Work in Progress	445.90	499.89
<b>Total - (B)</b>	<b>4,664.66</b>	<b>5,747.76</b>
<b>Decrease in Inventory (A-B)</b>	<b>1,083.10</b>	<b>(2,468.42)</b>

## 25. Employee Benefits Expense

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Salaries and Wages	8,534.64	8,690.91
Contribution to Provident and Other Funds	462.78	509.76
Staff Welfare Expenses	752.77	692.02
<b>Total</b>	<b>9,750.19</b>	<b>9,892.69</b>

### 25.1 Employee benefits

#### Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees including whole time directors. Under the plans the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall if any, shall be provided for by the Company.

Contributions to these Defined Contribution Plans, charged to Statement of Profit and Loss during the year are as under:

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Employer's contribution to provident fund	187.56	201.41
Employer's contribution to Superannuation fund	43.64	53.42
Employer's contribution to Pension scheme	119.02	125.67

### Defined Benefit Plans

The employees' gratuity fund and leave encashment (PL) schemes managed by Life Insurance Corporation of India are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Changes in the present value of the defined benefit obligation are, as follows:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
<b>Defined benefit obligation at March 31, 2022</b>	<b>2,055.11</b>	<b>775.31</b>
Current service cost	105.67	100.00
Interest expense	138.48	361.03
Benefits paid	(321.50)	(350.89)
Actuarial (gain)/ loss on obligations - OCI	(1.95)	(149.34)
<b>Defined benefit obligation at March 31, 2023</b>	<b>1,975.81</b>	<b>736.12</b>
Current service cost	97.96	110.99
Interest expense	137.37	-
Benefits paid	(288.51)	(112.19)
Actuarial (gain)/ loss on obligations - OCI	(113.39)	-
<b>Defined benefit obligation at March 31, 2024</b>	<b>1,809.24</b>	<b>734.93</b>

Changes in the fair value of plan assets are, as follows:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
<b>Fair value of plan assets as at March 31, 2022</b>	<b>1,918.32</b>	<b>91.83</b>
Contribution by employer	11.86	30.55
Interest income	128.91	3.40
Benefits paid	(321.50)	(121.26)
Return on plan assets (excluding amounts included in net interest expense) - OCI	(0.54)	(1.23)
<b>Fair value of plan assets as at March 31, 2023</b>	<b>1,737.05</b>	<b>3.29</b>
Contribution by employer	414.67	700.94
Interest income	135.01	26.53
Benefits paid	(288.51)	-
Return on plan assets (excluding amounts included in net interest expense) - OCI	(14.92)	(26.36)
<b>Fair value of plan assets as at March 31, 2024</b>	<b>1,983.30</b>	<b>704.40</b>

Reconciliation of fair value of plan assets and defined benefit obligation:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Fair value of plan assets at March 31, 2023	1,737.05	3.29
Defined benefit obligation at March 31, 2023	1,975.81	736.12
<b>Amount recognised in the Balance Sheet at March 31, 2023</b>	<b>(238.76)</b>	<b>(732.83)</b>
Fair value of plan assets at March 31, 2024	1,983.30	704.40
Defined benefit obligation at March 31, 2024	1,809.24	734.93
<b>Amount recognised in the Balance Sheet at March 31, 2024</b>	<b>174.06</b>	<b>(30.53)</b>

Amount recognised in Statement of Profit and Loss:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Current service cost	97.96	110.99
Net interest expense	2.36	(26.53)
Remeasurement of Net Benefit Liability/ Asset	-	-
<b>Amount recognised in Statement of Profit and Loss for year ended March 31, 2024</b>	<b>100.32</b>	<b>84.46</b>
Current service cost	105.67	100.00
Net interest expense	9.57	357.63
Remeasurement of Net Benefit Liability/ Asset	-	-
<b>Amount recognised in Statement of Profit and Loss for year ended March 31, 2023</b>	<b>115.24</b>	<b>457.63</b>

Amount recognised in Other Comprehensive Income:

Rs. in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Actuarial (gain)/ loss on obligations	(113.39)	-
Return on plan assets (excluding amounts included in net interest expense)	14.92	26.36
<b>Amount recognised in Other Comprehensive Income for year ended March 31, 2024</b>	<b>(98.47)</b>	<b>26.36</b>
Actuarial (gain)/ loss on obligations	(1.95)	(149.34)
Return on plan assets (excluding amounts included in net interest expense)	0.54	1.23
<b>Amount recognised in Other Comprehensive Income for year ended March 31, 2023</b>	<b>(1.41)</b>	<b>(148.11)</b>

The major categories of plan assets of the fair value of the total plan assets are as follows:

Rs. in Lakhs

Investment Details	March 31, 2024		March 31, 2023	
	Gratuity Funded	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded
Gratuity Fund (LIC)	1,983.30	704.40	1,737.05	3.29

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	March 31, 2024	March 31, 2023
<b>Discount rate (in %)</b>		
Gratuity	7.22%	7.50%
Leave Encashment	7.22%	7.50%
<b>Salary Escalation (in %)</b>		
Gratuity	6.00%	6.00%
Leave Encashment	6.00%	6.00%
<b>Rate of return in plan assets (in %)</b>		
Gratuity	7.22%	7.50%
Leave Encashment	7.22%	7.50%
<b>Expected average remaining working lives of employees (in years)</b>		
Gratuity	16.50	16.56
Leave Encashment	16.50	16.56

A quantitative sensitivity analysis for significant assumption as at March 31, 2024 is as shown below:

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Rs. in Lakhs

Particulars	Gratuity	Leave encashment
Discount rate		
+1%	78.26	21.52
-1%	(86.96)	(23.21)
Salary growth		
+1%	(97.69)	(27.90)
-1%	89.60	26.39

**The following payments are expected contributions to the defined benefit plan in future years:**

Rs. in Lakhs

Year ending March 31,	Gratuity 2024	Leave encashment 2024
2025	353.23	205.66
2026	270.76	141.41
2027	253.94	124.11
2028	269.43	102.78
2029	206.66	77.59
2030 - 2034	640.11	203.17
<b>Total expected payments</b>	<b>1,994.13</b>	<b>854.72</b>

**The average duration of the defined benefit plan obligation**

No. of Years

Particulars	March 31, 2024	March 31, 2023
- for gratuity	6.00	5.58
- for leave encashment	4.00	5.01

**26. Finance costs**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Interest on Term Loans	15,629.10	13,420.89
Interest on Short term borrowings	22,215.39	21,498.72
<b>Total Interest</b>	<b>37,844.49</b>	<b>34,919.61</b>
Other borrowing costs - Bank Charges	10,068.14	17,674.68
<b>Total</b>	<b>47,912.63</b>	<b>52,594.29</b>

**26.1** During the year, the company is in default of principal and interest on the borrowings from various lenders on account of financial stress. The lenders have classified the company's loan accounts as NPA in the financial year 2018-19 and continuing the same status in the current year too. Pending receipt of interest demands and confirmation of balances of loans from various lenders, the Company has been accounting the interest / penal interest as per the rates of interest mentioned in the sanction letters, Corrective Action Plan (CAP) and other loan documents. Adjustments, if any, for the interest and penal interest accounted, will be made on getting the information from the lenders.

**27. Other Expenses**

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Chemicals and consumables	1,063.35	1,037.63
Conversion Charges	-	-
Rent	118.31	125.33
Rates and Taxes	249.83	207.98
Electricity and Water	81.90	82.34
Stores and Spares Consumed	498.99	408.38
Repairs and Maintenance:		
to Buildings	5.86	6.40
to Plant and Machinery	587.87	439.55
to Others	532.88	416.77
Insurance	846.49	918.29
Printing and Stationery	30.88	24.15
Postage, Telephone and Telex	39.25	51.12
Travelling and Conveyance	602.07	547.46
Advertisement and Publicity	188.01	13.86
Employee Recruitment and Training	5.27	9.06
Legal, Secretarial and Share Registry Expenses	469.78	522.80
Professional and Consultancy	217.48	112.15
Directors Sitting Fees	9.30	7.65
Payment to Auditors (Refer Note 39)	76.19	58.62
Transport and Handling	18,929.97	16,131.51
Distribution	663.72	572.91
Sales Commission / discounts / rebates	-	38.39
Bad Debts / Advances written off	-	0.57
Provision for doubtful debts	787.12	327.17
Loss on foreign currency transactions	13.31	323.94
Miscellaneous Expenses	551.50	713.57
<b>Total</b>	<b>26,569.33</b>	<b>23,097.60</b>

## 28. Tax expense Reconciliation

a) The major components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are as follows:

### (i) Statement of Profit & Loss

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
<b>1. Current Tax</b>		
Current tax expense for the current year	-	-
Current tax expense pertaining to prior periods	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>2. Deferred Tax</b>		
Deferred tax expense for current year	(1,374.13)	(23,705.03)
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>(1,374.13)</b>	<b>(23,705.03)</b>
(ii) OCI Section		
Income tax charged to OCI	(75.49)	(127.57)
<b>Net Total Tax Expense</b>	<b>(1,298.64)</b>	<b>(23,577.46)</b>

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Accounting profit before tax from continuing operations	(1,29,773.42)	(1,13,718.22)
Accounting profit before tax from discontinuing operations	-	-
<b>Accounting profit before income tax</b>	<b>(1,29,773.42)</b>	<b>(1,13,718.22)</b>
<b>Income tax Rate (%)</b>	<b>31.20</b>	<b>31.20</b>
Income tax	(40,489.31)	(35,480.08)
Current year losses on which deferred tax asset not considered	9,147.09	2,856.72
<u>Non-deductible expenses for tax purposes:</u>		
Other non-deductible expenses	30,043.58	9,045.90
<b>Net tax Expense charged to P&amp;L</b>	<b>(1,298.64)</b>	<b>(23,577.46)</b>

(c) As at the end of the year, the Company has a total unabsorbed loss and depreciation of Rs. 1,45,441.52 Lakhs (March 31, 2023: Rs1,14,385.38 Lakhs). Deferred tax asset in respect of unabsorbed depreciation and carried forward loss under the Tax Laws are recognised only if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

(d) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities as they relate to income taxes levied by the same tax authority.

## 29. Material Uncertainty on the Holding Company's ability to continue as a going concern and appropriateness of use of going concern basis of accounting in preparation of financial statements :

The holding 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 Pipe Line 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 it self 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 interest of all stakeholders (valid till June 30, 2024). 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, 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. The Hon'ble High Court granted stay against any proceedings that may be initiated by the lenders against the company until further orders and the matter is awaiting final orders. Further, the company had filed contempt cases against 3 lenders who have filed petitions under IBC in violation of the above stay orders of High Court and the matter is disposed of without cost by the court.

In view of operating only one plant (out of the two plants) due to lack of working capital, the losses continued, resulting in substantial erosion of net worth and the company faced liquidity issues. As a result of continuous losses, the company's financial position has become very weak, and it is unable to meet its commitments to the financial and other creditors including statutory dues on the due dates. Due to default in paying the instalments and interest, the lenders have declared the loans to the company as Non-Performing Assets in 2018 (instead of 2015) and the status is continuing till date. As a result of treating the loans as NPAs by the lenders, all the borrowings, with a qualification of dispute, have been recorded as current liabilities in the Books / Financial statements of the company, leading to the situation that the current liabilities are in excess of current assets in the last four financial years. As at the year end, the company's current liabilities exceeded current assets by Rs. 3,96,547.86 Lakhs.

All the above events / conditions indicate material uncertainty which cast a significant doubt on the company's ability to continue as a Going Concern.

However, The company's management assessed the company's ability to continue as a Going Concern in which the company considered the following events / conditions, which individually / collectively have contributed in concluding that use of Going Concern basis of accounting is appropriate for this year.

- The company is continuously pursuing with the lenders for resolution of all the disputes amicably and for an acceptable resolution plan to make the company functional successfully.
- Despite the weak financial condition of the company, the company continued the production and supply of goods and able to produce Urea during the year is 13.10 LMT as against 11.20 LMT in 2022-23
- The lenders, to enable the company to generate the Cash flows, have approved the facility of 'Holding on Operations' (HOO) in December 2018 and have been extending the same from time to time, in the interest of all the stakeholders. The last extension of HOO facility is valid till June 30, 2024.
- The management has no intention to close the plants.
- There is no change in law, regulation or government policy which is adversely affecting the company.
- All the Key management personnel in all the operating areas are continuing and no loss of personnel at any level in the company.
- The Product of the company is administered under the essential commodities Act 1955. The production, distribution, pricing are controlled by the Department of Fertilizers, Government of India. As such, there is no loss of market / customers for the company's product.
- With such a weak financial position, the company, during the year 2023-24 could still sell 13.08 lakh MT as against 11.20 lakh MT of Urea in 2022-23.
- The major supplier of Gas, which is the Raw Material and Power and Fuel, M/s GAIL (India) Limited continue to supply Gas under the Gas Purchase and Sale Agreement which is effective from 07th July 2021 and is valid till 06th July 2026 under liberal terms of payment.
- The Company maintained good relationship with the personnel at all levels and there are no issues with the Labour.
- The company has been paying all the statutory dues, though with some delay and complying with all the applicable Laws.
- There is no entry of fresh competitors to the product of the company despite the fact that the India's requirement of Urea is about 35 Million Tons which is far in excess of production capacity of the country at 25 Million Tons and the Government of India continue to import Urea at a very high price. Hence, there is no issue of lack of marketability or competition for the product of the company which is covered under the administered pricing mechanism of the Government.
- There is no underinsurance for the assets of the company in the events of major catastrophe.
- The company's industry is a major capital-intensive Industry with highly regulated operations. The Government cannot afford to close the operations of the company as the demand for the product is huge and any shortage would affect the food security of the country.
- The company is exploring various avenues to resolve the financial crisis and sought the help of the Government of India for revision of energy norms and hoping for positive response from the Government.

- The Government of India has made an arrangement wherein the GAIL would supply the required Gas for which part payment only will be made by the company and the lenders also would get part payment of their dues.

The company is confident of running the operations as the government has allowed the Gas supply to continue till 30.09.2024 vide their Office Memorandum dated 8th March 2024.

In the light of all the above, the Management concluded that the company is a Going Concern and accordingly use of the Going Concern basis of accounting in the preparation of the financial statements for the year ended 31, March 2024 is appropriate.

**30.** The Company has received a demand notice dated 20th May 2023 U/s 13(2) of the SARFAESI Act from Lender (Secured Creditor) to repay total outstanding dues of Rs 3,344.37 Crs, failing which Lender (Secured Creditor) 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 Lender (Secured Creditor) reverted 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.

ACRE subsequently taken symbolic possession of the scheduled assets of the Company in its favour on October 12, 2023. The company while continuing to work and was optimistic on fulfilling the critical CPs for the closure of the slump sale transaction has formally applied to ACRE for OTS as approved by the Board and Shareholders (without any prejudice to the rights of NFCL regards to ongoing debt disputes). ACRE on the 31st of October 2023 replied to the company's OTS proposal that the Settlement Proposal submitted to ACRE is not binding and tentative on fulfilment on CPs (which was tentative amongst other things energy claim approval/disbursal by Govt) and therefore was unable to consider and/or appraise the Settlement Proposal and communicated that it would continue to pursue the SARFAESI process.

Given the uncertainties of energy claim approval/reimbursement by GOI, the consequences of SARFAESI process in case the lender is unable to recover the total amounts due and to ensure an amicable debt resolution to ensure continuation of operation post debt resolution 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 provided by the Board for negotiations with ACRE on December 24, 2023, was 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 engaged with and vide letter agreement dated 12th January agreed to cooperate with ACRE, without prejudice to the rights of the company and guarantors for a One Time Settlement (OTS) under SARFAESI/directly. The OTS amount is the amount recovered by ACRE under SARFAESI through sale of core assets plus Rs 200 Crores through sale of non-core assets (non-current assets of the company). While the current assets are also fully charged to the secured creditor in case the OTS with ACRE is successful the current assets including energy claims would be primarily utilised by the company to settle operating creditors dues.

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). 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 email to the company dated January 17, 2024. ACRE in their public auction notice stated that as of December 2023 the company owed ACRE around Rs 3858 Crs including interest.

The Company has received an email communication dated April 17, 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 line with the terms of the sale.

It was further stated in the said mail, that consequent to the issue of sale confirmation to the highest bidder by ACRE, in terms of the provisions of SARFAESI Act, 2002, read with rules made thereunder, a sale certificate shall be executed in favour of the successful bidder on payment of the balance consideration in accordance with the terms of SARFAESI Act, 2002 and the rules.

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 shall take effect along with or after receipt of sale consideration from the sale of Core Assets under SARFAESI Act, 2002, by ACRE. The borrower/NFCL has since deposited the proceeds/advances it received from the sale into the lien marked Fixed Deposits as mandated by ACRE.

Considering the uncertainties and final outcome of the result of the actions taken as discussed above by ACRE for sale of core and non-core assets, further taking into account of the future plans of the company for continuation of business operations post debt settlement and given the above background on its efforts for OTS as Debt Resolution, the management is of the opinion that the preparation of the financial statements for the year ended 31st March 2024 as a Going Concern basis is still appropriate.

ACRE has taken symbolic possession to enable them to start the auction process, but has not imposed any restrictions on the operations of the company as on the date. There is no discontinuance of plant operations and usual operations are being carried out by the company. Revenue, both, sales from Urea & Micro Irrigation and subsidy on Urea are being generated in the normal course of business. Subsidy claims are being raised in the name of the company as per the procedures laid by the Government and Subsidy amounts are also received / receivable in the name of the company. Considering the above facts and that the financial statements are prepared on a going concern basis, the Property, Plant and Equipment are continued to be disclosed as non-current operating assets at its carrying value.

### 31. Impairment of Property Plant & Equipment

Basis the economic indicators on performance of Plant and Machinery, buildings attached there to have been put to test for impairment as of 31st March 2024 by the management and perceive that there is no further impairment loss required to be recorded as there are no changes in the conditions prevalent as on the date of this balance sheet compared to the Balance Sheet as at 31 March 2023 (Previous year impairment loss of Rs. 67,519.40 Lakhs accounted for Plant & Machinery located at Kakinada Rs. 63,224.23 lakhs, Micro Irrigation Plants at Nacharam Rs. 379.01 Lakhs, Sadasivpet Rs. 30.98 Lakhs and Halol Rs. 203.18 Lakhs and Buildings of Urea plant at Kakinada Rs. 3,509.40 lakhs and Corporate Office Rs. 172.60 Lakhs).

Impairment test of property (land) was carried out as of 30th June 2023 during the year and recorded an impairment loss of Rs. 63,407.20 Lakhs as per the Registered Valuer's Report dated 12th August 2023. The management is of the opinion that there is no further impairment of land as at 31.03.2024.

### 32. Contingent Liabilities and Commitments (to the extent not provided for)

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>A. Contingent Liabilities:</b>		
i) Claims against the Group not acknowledged as debt:		
a) Tax matters in appeal:		
- Income Tax	-	141.99
- Customs Duty and Indirect taxes	345.82	1,845.82
b) Matters under arbitration	1,325.00	20,982.47
c) Other claims against the Group(Water cess, NALA tax and others)(Refer Note 32.1)	62,181.37	32,411.84
ii) Guarantees excluding financial guarantees :		
- Counter guarantees given to Bankers in respect of Bank guarantees issued by them	22.00	8,446.46
iii) Other money for which the Group is contingently liable:		
- Compensation for 33.35 acres (Previous year 33.35 acres) of land in Holding Company's possession - amount not ascertainable	-	-
- Claim for using the "Nagarjuna Brand/ Trade mark" - amount not ascertainable ( Refer note 32.2)	-	-
- Claims from various creditors who have filed petitions before court/ tribunals - amount not quantified (Refer No.32.3)	-	-
	63,874.19	63,828.58
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	1,068.90	1,336.16

32.1 (a) In relation to some of the contracts for purchase of fertilisers, an international Arbitration Award has been passed against the Holding Company in September 2016 for USD 14,398,188 and GBP 690,630 and interest as applicable apart from costs based on a claim filed by one of the Suppliers of Fertilizers to the Company.

The Company is of the view that the Award has been obtained based on documents tampered with and mis-representations of facts by said supplier. The Company is contesting the enforcement of the Award in the Courts in India and has also filed a Criminal Complaint before the Metropolitan Magistrate of Hyderabad against the supplier and its officials. Matter yet to be listed for hearing.

(b) The Company entered into two Contracts dated December 15, 2012 on Early Works, Offshore and Onshore towards certain engineering drawings to be utilised towards its plant for third ammonia and urea project on conditions that balance amounts payable only upon (a) the announcement of a fertilizer policy and (b) that the fertilizer policy being found favorable for the Project of the Company. The Company could not proceed further as the policy was not conducive for the project.

The service provider raised invoices for the balance amounts claiming that the work carried out was per contract. As the amounts were not paid the service provider invoked arbitration. The arbitral Tribunal passed an award on October 23, 2017 for USD 877,500, GBP 52,314, EUR 455,000 and INR 221.39 Lakhs and interest as applicable apart from costs in favour of the claimant. NFCL challenged the Awards by filing two petitions separately for each case under section 34 of Arbitration & Conciliation Act as the tribunal ignored vital evidence such as Govt communication dt 9th May 2013 where in the industries we're asked not to proceed further without necessary approvals from Govt, amongst other grounds. Matter yet to be listed for hearing.

Based on the current legal progress, the management has provided for 25% of the claim made on the Offshore contract and deposited 15% of the onshore contract value with the court . The Company continues to proceed legally and hence the balance claims have been disclosed as contingent liabilities.

32.2 The Holding 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 year 2021-22, received a claim from the grantor asserting its right for royalty for the period from 29/01/1998 to 31/12/2021. The said claim is being negotiated with the granter for settlement.

### **32.3 Cases / Petitions filed against the company in NCLT / Courts / Other Tribunals:**

Few other creditors have filed petitions against the company in various Courts / Tribunals for recovery of dues / claims for compensation for their services / supplies and all these matters are at various stages in the respective courts. The legal counsel confirmed that the cases / petitions filed against the company are not tenable and are of the view that these cases may not have any impact on the financials of the company.

The management is of the view that the pending litigations will not have any adverse impact on the financial position of the company as at the year end.

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

## **33. Disclosure under Ind AS 24, Related Party Disclosures:**

### **33.1. List of related parties and their relationships**

#### **Subsidiaries**

- (i) Jaiprakash Engineering and Steel Company Limited (JESCO)  
(under Liquidation w.e.f 25-04-2022) (Since Liquidation petition withdrawn Order dtd 16.04.2024)

#### **Associates**

- (i) KVK Raju International Leadership Limited

#### **Key Management Personnel**

- (i) Mr.K.Rahul Raju, Managing Director
- (ii) Amount recognised in Statement of Profit and Loss:
- (iii) Mr. Sudhakara Rao Annam, Chief Financial Officer

#### **Relatives of Key Management Personnel.**

- (i) Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)
- (ii) Smt. K. Veda Raju (Wife of Shri K Rahul Raju)

#### **Non - Executive Directors**

- (i) Mr.Uday Shankar Jha, Chairman
- (ii) Mr. Chandra Pal Singh Yadav, Nominee director of KRIBHCO
- (iii) Ms.Lalitha Raghuram, Independent Director
- (iv) Mr. Rajendra Mohan Gonela, Independent Director
- (v) Mr. Sudhakar Kudva, Independent Director

#### **Enterprises which have significant influence**

- (i) Amlika Mercantile Private Limited

#### **Enterprises significantly influenced by Key Management personnel or their relatives**

- (i) Nagarjuna Educational Trust

**33.2 Related party transactions during the year are as under:**

Nature of transaction	Directors		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<b>Rent Received</b>										
Nagarjuna Educational Trust									2.06	1.75
<b>Others- Reimbursement</b>							-	-		
Nagarjuna Educational Trust									-	10.13
Sundry Creditors Nagarjuna Educational Trust									9.08	33.78
<b>Rent Paid</b>										
Mrs. Lakshmi Raju										
Mrs. K Veda Raju										
<b>Sitting Fees to Non Executive &amp; Independent Directors</b>	9.30	7.65								
<b>Remuneration to KMPs</b>										
(a) Short-term employee benefits including perquisites					127.11	126.94				
(b) Post-employment benefits					10.41	7.95				

**33.3 Remuneration to key management personnel of the Holding Company**

The remuneration to KMPs disclosed in the table has been recognised as an expense during the reporting period.

**33.4 Balances outstanding as at March 31, 2024**

Nature of transaction	Subsidiaries		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<b>Investments</b>										
JESCO	2,256.17	2,256.17								
KVK Raju International Leadership Limited			15.00	15.00						
Provision for diminution in the value of investment	2,256.17	2,256.17	15.00	15.00						
<b>Other Receivables</b>										
NARDI										
<b>Rental and other deposits with</b>										
Smt. K Lakshmi Raju							85.00	85.00		
<b>Expenses Payable</b>										
Changes in the fair value of plan assets are, as follows:					13.45	13.45				
K Veda Raju					941.12	941.12				
Smt. K Lakshmi Raju							32.50	32.50		
<b>Other Current Financial Liabilities</b>										
Shri K Rahul Raju*					40.24	35.43				
Mr. ANNAM SUDHAKARA RAO					2.68	2.61				
Mr. M. Vijaya Bhaskar					1.38	0.97				
Nagarjuna Educational Trust									18.93	9.74

\* Previous Year Figures are restated in conformity with current year figures



**33.5 Terms and conditions of transactions with related parties**

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the yearend are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**34. Segment Reporting**

The financial results comprise the combined operations of the Group relating to the Fertilizer, Micro Irrigation and Agri Services businesses. The financial results of Micro Irrigation and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, are neither disclosed as separate segments nor combined as all other segments for the purpose of disclosures under Ind AS 108 - Operating Segments.

**Entity wide disclosures :****Geographical information**

Rs. in Lakhs

	Revenue from external customers		Non-current assets*	
	Year ended March 31, 2024	Year ended March 31, 2023	As at March 31, 2024	As at March 31, 2023
India	4,76,538.60	5,64,220.16	67,002.50	1,35,274.88
Outside India	-	-	-	-
	<b>4,76,538.60</b>	<b>5,64,220.16</b>	<b>67,002.50</b>	<b>1,35,274.88</b>

\* Non-current assets excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

**Information about revenue from major customers which is included in revenue**

Rs. in Lakhs

	Year ended March 31, 2024	Year ended March 31, 2023
Subsidy claims on Government of India pursuant to its Fertilizer subsidy policies	4,04,754.29	5,03,573.11
	<b>4,04,754.29</b>	<b>5,03,573.11</b>

**35. Fair Value****Category-wise classification of Financial Instruments**

Rs. in Lakhs

Particulars	Refer Note	Non-current		Current	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Financial assets measured at amortised cost</b>					
Security deposits	5	480.60	451.41	8,616.89	50.53
Loans and advances to related parties	5	-	-	-	0.90
Loans to employees		-	-	-	-
Non current margin money deposit	5	-	-	-	-
Interest accrued on deposit and advances	5	-	-	29.87	10.51
Unbilled revenue	5	-	-	-	-
Claims receivable		-	-	-	-
Trade receivables	7	-	-	43,925.95	39,693.79
Cash and cash equivalents	8	-	-	1,017.05	1,799.86
Other Bank balances	9	-	-	2,003.12	2,240.86
<b>Financial liabilities measured at amortised cost</b>					
Term loans from banks	14	-	-	1,04,868.28	89,282.81
Term loans from others	14	-	-	534.79	490.96
Corporate loan from banks	14	-	-	2,18,354.37	1,91,191.91
Deferred Payment Liabilities	14	-	1,213.06	2,343.49	2,010.99
Trade payables	19	-	-	1,35,935.16	1,04,569.17
Payables towards deposits	15	6,690.36	6,768.09	1,429.17	344.86
Payables towards other Deposits	15	215.15	214.97	25.00	25.00
Payables towards purchase of fixed assets	15	-	-	1,248.55	1,312.91

The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables and short term loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 36 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

#### Quantitative disclosures fair value measurement hierarchy for liabilities :

Rs. in Lakhs

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities measured at fair value through profit or loss					
Foreign exchange forward contracts	March 31, 2024	-	-	-	-
Foreign exchange forward contracts	March 31, 2023	-	-	-	-

The fair values of the foreign exchange forward contracts have been determined based in the valuation report obtained from the bank. Significant observable inputs used in the valuation report are quoted forward exchange rates.

### 37. Financial risk management objectives and policies

#### Financial Risk Management Framework

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans and advances, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company's senior management oversees the management of these risks. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company based on the policies agreed by the Company's senior management. The same are summarised below:

#### A. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk except trade receivables where more than 50% is due from Government of India and various State Governments. The same are realisable in due course.

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as :

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**Exposure to credit risk**

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Long-term loans and advances	-	-
Other long term financial assets	-	-
Short-term loans and advances	-	-
Other financial assets	480.60	451.41
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	51,650.08	46,630.80

Balances with bank subject to low credit risk due to good credit rating assigned to this bank.

**Trade receivables:**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients based on ageing.

The ageing analysis of trade receivables as of the reporting date is as follows:

Rs. in Lakhs

Particulars	Neither past due not impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade receivables as of 31st March, 2024						
Government	38,210.29	1,565.73	186.74	117.27	6,576.91	46,656.94
Non Government	612.16	907.88	27.42	20.02	3,425.67	4,993.14
<b>Total</b>	<b>38,822.44</b>	<b>2,473.61</b>	<b>214.16</b>	<b>137.28</b>	<b>10,002.58</b>	<b>51,650.08</b>
Trade receivables as of 31st March, 2023						
Government	36,724.36	970.76	176.57	148.73	5,195.65	43,216.06
Non Government	104.11	74.00	0.01	0.01	3,236.62	3,414.74
<b>Total</b>	<b>36,828.46</b>	<b>1,044.76</b>	<b>176.58</b>	<b>148.74</b>	<b>8,432.27</b>	<b>46,630.80</b>

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables :

Rs. in Lakhs

Particulars	March 31, 2024	March 31, 2023
Start of the year	6,937.01	7,874.83
Provision for Impairment	787.12	(937.82)
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
<b>End of year</b>	<b>7,724.13</b>	<b>6,937.01</b>

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved authorities. Credit limits of all authorities are reviewed by the Management on regular basis.

**B. Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company was unable to meet the financial obligations during the current year on account of continued losses. The Company is in discussion with the lenders for Resolution Plan. Refer Note 34.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

**Year ended March 31, 2024**

Rs. in Lakhs

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Loans from Banks / Financial institutions	1,05,403.07	-	-	1,05,403.07
Interest-free sales tax deferral loans from State Government	2,343.49	-	-	2,343.49
Deposits payable	-	6,905.51	-	6,905.51
Working capital demand loan from bank	2,11,359.64	-	-	2,11,359.64
Short term loan from bank	6,994.73	-	-	6,994.73
Trade payables	1,35,935.16	-	-	1,35,935.16
Other financial liabilities	-	-	-	-

**Year ended March 31, 2023**

Rs. in Lakhs

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
Loans from Banks / Financial institutions	89,773.77	-	-	89,773.77
Interest-free sales tax deferral loans from State Government	2,010.99	1,213.06	-	3,224.05
Deposits payable	-	6,983.06	-	6,983.06
Working capital demand loan from bank	1,84,200.22	-	-	1,84,200.22
Short term loan from bank	6,991.69	-	-	6,991.69
Trade payables	1,04,569.17	-	-	1,04,569.17
Other financial liabilities	-	-	-	-

**C. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the entity comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2024 and March 31, 2023

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at March 31, 2024.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2024 and March 31, 2023.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The company's interest rate exposure is mainly related to variable interest rates debt obligations. The company uses a mix of interest rate sensitive loan facilities from the lenders to manage the liquidity and fund requirement for its day to day operations like working capital, short term loans and suppliers / buyers credit etc.,

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings with floating rate of interest affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax
	INR Lacs	
<b>March 31, 2024</b>		
INR	+50	524.34
INR	-50	(524.34)
<b>March 31, 2023</b>		
INR	+50	446.41
INR	-50	(446.41)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency.

Particulars	USD in Million	Rs. in Lakhs	Euro in Million	Rs. in Lakhs
Foreign currency exposure as at 31st March, 2024				
Trade receivables	-	-	0.44	392.45
Loans and other receivables	-	-	-	-
Trade payables	1.54	(1,286.92)	0.003	(2.62)
Foreign currency exposure as at 31st March, 2023				
Trade receivables	-	-	0.44	389.79
Loans and other receivables	-	-	-	-
Trade payables	1.54	(1,269.07)	0.00	(2.60)
Foreign exchange forward contracts	-	-	-	-

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs. in Lakhs

Currency	Year ended March 2024		Year ended March 2023	
	5% increase	5% decrease	5% increase	5% decrease
USD	19.75	(19.75)	19.62	(19.62)
Euro	(64.35)	64.35	(63.45)	63.45
<b>Increase/(decrease) in profit</b>	<b>(44.59)</b>	<b>44.59</b>	<b>(43.83)</b>	<b>43.83</b>

**38. Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	At Mar 31, 2024	March 31, 2023
Interest bearing loans and borrowings (Note 14)	3,23,757.44	2,80,965.68
Less: Cash and short term deposits (Note 8&9)	1,393.13	2,023.42
<b>Net debts</b>	<b>3,22,364.31</b>	<b>2,78,942.26</b>
Equity share capital (Note 12)	5,980.65	5,980.65
Other Equity (Note 13)	(3,41,190.74)	(2,12,957.92)
<b>Total Capital</b>	<b>(3,35,210.09)</b>	<b>(2,06,977.27)</b>
<b>Capital and net debt</b>	<b>(12,845.78)</b>	<b>71,964.99</b>
<b>Gearing ratio(%)</b>	<b>(2509.50%)</b>	<b>387.61%</b>

There have been breaches in the financial covenants of interest-bearing loans and borrowings in the current period. The gearing ratio as on March 31, 2024 has increased due to the losses during the current year.



### 39. Disclosure of additional information pertaining to the Parent Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of total Consolidated Net assets	Rs. in Lakhs	As % of total Consolidated Profit or loss	Rs. in Lakhs	As % of total Consolidated other comprehensive income	Rs. in Lakhs	As % of total Consolidated total comprehensive income	Rs. in Lakhs
<b>Parent</b>								
Nagarjuna Fertilizers and Chemicals Limited	99.96%	(3,35,076.65)	99.99%	(1,28,388.87)	100.00%	166.46	99.99%	(1,28,222.41)
<b>Subsidiaries</b>								
<b>a) Indian</b>								
Jaiprakash Engineering and Steel Company Limited	0.04%	(133.44)	0.01%	(10.40)	0.00%	-	0.01%	(10.40)
<b>Non-controlling interests in all subsidiaries</b>								
<b>a) Indian</b>								
Jaiprakash Engineering and Steel Company Limited	0.00%	(0.22)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
	<b>100.00%</b>	<b>(3,35,210.31)</b>	<b>100.00%</b>	<b>(1,28,399.29)</b>	<b>100.00%</b>	<b>166.46</b>	<b>100.00%</b>	<b>(1,28,232.83)</b>

### 40. Payment to Auditors

Rs. in Lakhs

Fee towards:	Year ended March 2024	Year ended March 2023
Statutory Audit	42.00	42.00
Tax Audit	7.50	7.50
Limited Review	12.00	12.00
Certification and other Services	14.45	4.15
Reimbursement of Expenses	-	
<b>Total</b>	<b>75.95</b>	<b>65.65</b>

### 41. Earnings per Equity Share

Rs. in Lakhs

Particulars	Year ended March 2024	Year ended March 2023
Net Profit / (Loss) after tax (Rs in lakhs)	(1,28,399.29)	(90,013.19)
Number of Equity shares (fully paid up)	59,80,65,003	59,80,65,003
Face value of Equity Share (Rs)	1	1
Earnings per share – Basic & Diluted (Rs)	(21.47)	(15.05)

Note: The Company has no dilutive instruments as at 31st March, 2024 and in the previous year. As such dilutive earnings per share equals to Basic Earnings per share.

**42. Particulars of Loans and Advances in the nature of Loans as required by Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Rs. in Lakhs

	Name of the company	Balance as at		Maximum Amount outstanding during	
		Mar 31, 2024	March 31, 2023	Year ended March 2024	Year ended March 2023
A	Subsidiaries	Nil	Nil	Nil	Nil
B	Associates	Nil	Nil	Nil	Nil
C	Advances in the nature of Loans where there is no repayment schedule	Nil	Nil	Nil	Nil
D	Advances in the nature of Loans where no interest is charged or interest is below the rate specified in section 186 of the Companies Act, 2013	Nil	Nil	Nil	Nil
E	Advances in the nature of Loans to firms / companies in which directors are interested:	Nil	Nil	Nil	Nil

**43. Particulars of Loans, Guarantees or Investments in accordance with Section 186 of the Companies Act, 2013**

Rs. in Lakhs

Name of the entity to whom loan/ investment/ guarantee / security was given / made	Relationship, if any, of the entity with the company	Amount of Loan / Investment / guarantee / security Rs. in Lakhs	Particulars of Loans, Guarantees given or Investments made	Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient.
Nil	NIL	NIL	NIL	NIL

Previous Year - Nil

**44. The year-end Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise are given below: (as mandated by the Institute of Chartered Accountants of India in its announcement dated 05.12.2005)**

Rs. in Lakhs

Particulars	Currency	Mar 31, 2024		Mar 31, 2023	
		In foreign currency	Rs.in Lakhs	In foreign currency	Rs. in Lakhs
Advances receivables	EUR	4,35,000	392.45	4,35,000	389.79
Trade Payables	USD	15,43,558	1,286.92	15,43,558	1,269.07
	EUR	2,900	2.62	2,900	2.60

45. (i) The Company has assessed the recoverability of receivables, inventories and other financial assets considering the available internal and external information up to the date of approval of these financial statements. Considering the nature of these assets, the Company expects to recover the carrying amount of these assets.

(ii) The company has not borrowed funds from Banks/Financial Institutions during the year.

**46 Additional Regulatory information:**

(i) Details of Immovable Properties (Other than the properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company :

Under the Composite Scheme of Arrangement and Amalgamation approved by the Hon'ble High Courts at Bombay and Andhra Pradesh in FY 2011-12, the Company was vested with the land of 736.13 acres situated in Nellore, AP together with buildings constructed therein, which was actually purchased from Nagarjuna Aqua Exports Limited (NAEL) way back in 2001 for a consideration of Rs. 317 Lakhs (towards land). Of these lands, 340.11 acres were not registered in the name of the company as the same were found to be defective titles.

Despite the Company's continuous persuasion, these lands could not be registered in the name of the company as title of all these lands is defective and the original owners who sold the land are not traceable.

Based on the legal opinion wherein it was opined that as these lands are in excess of the limit specified under the Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act 1973, it was concluded that these lands are not transferable on to the name of the Company. Accordingly, considering the restriction under the applicable Law to hold these lands, the passage of over two decades of time since original acquisition, non-traceability of original owners who sold these lands and

defective titles, the Company has impaired the entire carried value of these lands during FY 2020-21, along with some other lands, aggregating to Rs 11,777 lakhs. (Refer Note no: 3).

a) Details of lands which are not held in the name of the company, are as under.

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (Rs in Lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
PPE ( Note No 3)	LAND of (Ac 340.11 in Nellore, AP) Refer above note	Rs 4185.39 Lakhs (original cost of acquisition in 2001 acquired from Nagarjuna Aqua Exports Limited, value per acre Rs 42,859/- per acre (Rs 145.77 lakhs).	Original owners, who sold the lands to Nagarjuna Aqua Exports Ltd (details not available)	No	From the date of vesting the lands on the company under the composite scheme of Arrangement and Amalgamation in F.Y 2011-12	Defective Title of the original title holder

(ii) The Group has no investment property

(iii) The Group has not revalued its Property Plant and Equipment including Right of use assets

(iv) The Group has not revalued its intangible assets.

(v) The Group has not granted loans or advances in the nature of Loans to promoters, Directors, KMPs and the related parties (As defined under The Companies Act,2013) either severally or jointly with any other person, that are (a) repayable on demand; or (b) without specifying any terms or period of repayment.

**(vi). a. Capital Work in Progress ageing schedule as on March 31, 2024**

Rs. in Lakhs

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	768.00	768.00
Less Impairment	-	-	-	758.00	758.00
Projects temporarily suspended	-	-	-	10.00	10.00

**(vi). b CWIP completion schedule as on March 31, 2024 is as under:**

Rs. in Lakhs

CWIP	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Ammonia leak Detectors	-	-	-	-
Upgradation of Analyzers	-	-	-	-
Development of Mobile/Web Application for Field Team from Visionnet Systems Pvt Limited - SIGNING OFF S/W	-	-	-	10.00
TOTAL	-	-	-	10.00

(vii) The Group has no intangible assets under development

(viii) No proceeding has been initiated or pending against the Group under the Benami Transactions (Prohibition) Act 1988.

(ix) In respect of the borrowings from bank or financial institutions on the basis of security of current assets, quarterly returns, or statements of current assets are not being filed by the Group..

(x) The Group is not a declared wilful defaulter by any bank or financial institution (as defined in the Companies Act 2013), or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

(xi) The Group has no transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.

(xii) In respect of the Holding Company, satisfaction for the following charges is yet to be filed with ROC, which is beyond the statutory period:

Charge Holder Name	Charge Id	Date of charge creation	Amount Rs in lakhs	Reasons
ACRE [ Modified by ICICI Bank Limited]	10612443	16-12-2015	8,400.00	Though a new charge was created in favour of the consortium bankers, satisfaction for the old charge created in favour of individual banks has not been filed.
ACRE [ Modified by State Bank of India]	10598895	30-09-2015	22,200.00	
UCO Bank	100042498	13-07-2016	1,300.00	
ACRE [ Modified by IDBI Bank Limited]	10581869	29-06-2015	34,000.00	
CANARA BANK	90124189	20-09-2000	20.00	Bankers / FI s have not issued the Loan closure letters
CANARA BANK	10005518	29-03-2006	86.36	
CANARA BANK	10056734	29-03-2006	108.30	
ICICI BANK LTD	80062844	08-05-1996	1,500.00	
ACRE [ Modified by ICICI BANK]	10098019	09-04-2008	1,698.13	
ICICI BANK LTD	80063337	07-12-1992	195.20	
ICICI BANK LTD	80062790	12-07-1996	2,135.00	
ICICI BANK LTD	80062791	20-06-1997	2,500.00	
ICICI LIMITED	80062784	28-09-1998	12,000.00	
ICICI LIMITED	80062787	17-12-1999	5,000.00	
IDBI	80062785	09-04-1999	4,500.00	
ACRE [ Modified by IDBI Bank Ltd]	10091935	03-03-2008	5,000.00	
ACRE [ Modified by IDBI Bank Ltd]	10194046	30-12-2009	5,000.00	
IDBI BANK LTD	80063343	29-04-1988	36,500.00	
IDBI BANK LTD	80062792	25-05-1991	720.72	
IDBI BANK LTD	80062841	21-12-1995	17,000.00	
IDBI BANK LTD	80063340	26-09-1997	3,641.00	
IDBI BANK LTD	80062786	16-07-1999	1,500.00	
IDBI BANK LTD	80063339	14-01-2000	1,500.00	
IDBI TRUSTEESHIP SERVICES LTD	80013974	09-09-1998	7,500.00	
IDBI TRUSTEESHIP SERVICES LTD	80063344	09-10-2000	15,330.00	
IDBI TRUSTEESHIP SERVICES LTD	80063345	04-11-2000	3,000.00	
IDBI TRUSTEESHIP SERVICES LTD	80061034	29-05-2003	2,500.00	
IDBI TRUSTEESHIP SERVICES LTD	10518037	04-08-2014	5,876.51	
IDBI TRUSTEESHIP SERVICES LTD	80062789	19-01-2005	3,349.36	
INDUSTRIAL DEVELOPMENT BANK OF INDIA	80011941	19-03-1991	559.76	
INDUSTRIAL DEVELOPMENT BANK OF INDIA	80062842	29-12-1995	23,500.00	
ACRE [ Modified by Industrial Development Bank of India]	10067793	07-09-2007	6,000.00	
ACRE [ Modified by Industrial Development Bank of India]	10127655	31-10-2008	5,000.00	
ACRE [ Modified by Industrial Development Bank of India]	10047529	09-04-2007	6,800.00	
INDUSTRIAL DEVELOPMENT BANK OF INDIA	80062845	25-09-1998	10,000.00	
KARUR VYSYA BANK LTD	80063341	04-01-2001	2,000.00	
KARUR VYSYA BANK LTD	80063342	02-02-2001	1,015.74	
ACRE [ Modified by Oriental Bank of Commerce]	80024916	26-02-2003	1,275.00	
PUNJAB NATIONAL BANK	80002483	21-06-1997	1,350.00	
SICOM LIMITED	80061035	31-03-2003	3,000.00	
STATE BANK OF INDIA	10018792	08-08-2006	1,500.00	
THE BANK OF RAJASTHAN LIMITED	80061033	06-05-2002	1,200.00	
THE KARNATAKA BANK LTD	80063338	19-01-2002	1,600.00	
UCO BANK	90124190	26-09-2000	200.00	
BIOTECHNOLOGY INDUSTRY RESEARCH ASSISTANCE COUNCIL	10532604	20-10-2014	285.10	

(xiii) The Group has complied with the number of layers prescribed under clause 87 of Section 2 of the Act read with the companies (restriction on number of layers) Rules 2017

(xiv) Ratios:

Rs. in Lakhs

S No	Name of the Ratio	Numerator	Denominator	Ratio		Increase / decrease
		Value Rs in lakhs	Value Rs in lakhs	Year Ended March2024	Year Ended March 2023	
1	Current Ratio (Current Assets ÷ Current Liabilities)	69,704.84	4,66,252.70	0.15	0.15	0.23%
2	Debt Equity Ratio (Total Debt ÷ Shareholder's Equity)	3,26,100.93	-3,35,210.31	-0.97	-1.37	-29.15%
3	Debt Service Ratio (Profit After Tax, Interest on borrowings, Depreciation & Loss/(Profit) on sale of Fixed Assets ÷ Interest & lease Payments + Principal Repayments)	-86,214.80	1,07,746.56	-0.80	-0.51	55.69%
4	Return on Equity Ratio (Profit After Tax (PAT) ÷ Avg(Equity + Reserves and Surplus))	-1,28,399.29	-2,71,093.89	0.47	0.56	-14.73%
5	Inventory Turnover Ratio (Net Sales ÷ Avg(Total Inventory- loose tools-spare))	4,76,538.60	4,733.31	100.68	139.63	-27.90%
6	Trade Receivables Turnover Ratio (Net Sales ÷ Average Receivables)	4,76,538.60	49,140.44	9.70	10.96	-11.49%
7	Trade Payables Turnover Ratio (Net Credit Purchases ÷ Average Trade Payables)	4,81,383.32	1,20,252.17	4.00	5.40	-25.84%
8	Net Capital Turnover Ratio (Net Sales ÷ Working Capital)	4,76,538.60	-3,96,547.86	-1.20	-1.69	-28.98%
9	Net Profit Ratio (Profit After Tax ÷ Net Sales )	-1,28,399.29	4,76,538.60	-0.27	-0.16	68.89%
10	Return on Capital Employed (Profit Before Interest & Tax ÷ Capital Employed)	-81,860.79	-9,109.38	8.99	-0.79	-1242.19%
11	Return on Investment (Equity)	NIL	Nil	NA	NA	NA

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(xv) The Group has not undertaken any scheme of arrangements in terms of section 230 to 237 of the Companies Act 2013 during the year.

(xvi) (A) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(xvii) During the year, the Group has not surrendered or disclosed any transaction in the Income tax assessments under the Income Tax Act 1961, which was not recorded in the books of account

(xviii) The Group is not covered under section 135 of the Companies Act 2013.

(xix) The Group has not traded or invested in crypto currency or virtual currency during the financial year

47. Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.

48. The figures of the previous year have been reclassified / regrouped, wherever necessary, to make them comparable with that of Current Year.

Notes 1 to 48 above form an integral part of the Consolidated Financial Statements

As per our report of even date attached  
for **P. Murali & Co**  
Chartered Accountants  
F R N. 007257S

**A. Krishna Rao**  
Partner  
Membership No. 020085

Hyderabad  
20<sup>th</sup> May 2024

For and on behalf of the Board  
**Uday Shankar Jha**  
Chairman  
DIN: 00056510

**A. Sudhakara Rao**  
Chief Financial Officer

**K. Rahul Raju**  
Managing Director  
DIN:00015990

**Vijaya Bhasker M**  
Company Secretary









If undelivered, please return to  
Nagarjuna Fertilizers and  
Chemicals Limited / Investors Services Cell  
Plot No.44, Eco House, Nagarjuna Hills, Punjagutta,  
Hyderabad-500 082, Telangana, India

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