

Registered Office :  
Nagarjuna Hills,  
Hyderabad - 500 082. INDIA  
Phones : 23357200, 23357204  
23357589, 23356859  
Fax : (91-40)23354788  
Website: www.nagarjunafertilizers.com  
CIN - L24129AP2006PLC076238



**December 06, 2020**

To  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai 400001  
Maharashtra, India  
Scrip Code: 539917

To  
**The National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400 051 Maharashtra, India  
Symbol: NAGAFERT

Dear Madam / Sir,

**Sub: Annual Report 2019-20 – Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

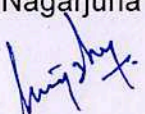
In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening the 14<sup>th</sup> Annual General Meeting (14<sup>th</sup> AGM) and the Annual Report for the Financial Year 2019 – 20, which are being circulated to the members of the Company.

The Notice of 14<sup>th</sup> AGM along with the Annual Report 2019-20 is made available on the Company's website at [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

Request you to take the same on record and oblige.

Thanking you,

Yours faithfully,  
For Nagarjuna Fertilizers and Chemicals Limited

  
Vijaya Bhasker M  
Company Secretary



nfccl

**Annual Report 2019-20**

**Nagarjuna**  
**Fertilizers**  
& Chemicals  
Limited

## Board of Directors

### Uday Shankar Jha

Chairman

### Chandrapal Singh Yadav

Nominee of KRIBHCO

### V V S Ravindra

Nominee of IDBI Bank

(ceased w.e.f August 31, 2020)

### Lalitha Raghuram

Independent Director

### Girija Bhan

Independent Director

(w.e.f November 11, 2019)

### Hon'ble Shri Justice K C Bhanu (Retd.)

Independent Director

(w.e.f November 11, 2019)

### Rajendra Mohan Gonela

Independent Director

(w.e.f May 28, 2020)

### K Rahul Raju

Managing Director

### Registered Office

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

**CIN:** L24129TG2006PLC076238

### Website:

[www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)

### 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. M Bhaskara Rao & Co.,  
Chartered Accountants  
Hyderabad

### Vijaya Bhasker M

Company Secretary

(w.e.f. November 29, 2019)



## Notice of 14th Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting (AGM) of the members of Nagarjuna Fertilizers and Chemicals Limited (the Company) will be held on Wednesday, December 30, 2020 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 14th Annual Report of the Company, Balance Sheet as at March 31, 2020, Statement of Profit and Loss for the Financial Year ended March 31, 2020, Cash Flow Statement for the Financial Year ended March 31, 2020, Statement of Change in Equity for the year ended March 31, 2020 and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Uday Shankar Jha (DIN: 00056510) who retires by rotation and being eligible offers himself for re-appointment.
- 3) 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

- 4) To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2021

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. Sagar & Associates (Firm Registration No-000118), 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, 2021, be and is hereby approved and ratified"

- 5) Appointment of Mr. Rajendra Mohan Gonela (DIN:02354356) as an Independent Director

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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder read with Schedule IV of the Companies Act, 2013, Mr. Rajendra Mohan Gonela (DIN:02354356), Additional Director of the Company, who meets the criteria of independence under Section 149 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of five years commencing from May 28, 2020 upto May 27, 2025."

- 6) Re-appointment of Mrs. Lalitha Raghuram (DIN: 07161344) as an Independent Director for a second consecutive term of five years

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV of the Companies Act, 2013, Mrs. Lalitha Raghuram (DIN: 07161344), Independent Director of the Company, who meets the criteria of independence under Section 149 of the Companies Act, 2013, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term of five years commencing from April 18, 2020 upto April 17, 2025."

- 7) Re-appointment of Mr. K Rahul Raju, (DIN: 00015990) as a Managing Director for a term of three years.

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

"RESOLVED THAT subject to the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, read with Schedule V of the Act and subject to such other approvals and permissions as maybe required in this regard, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. K Rahul Raju as Managing Director of the Company for a period of three Years with effect from August 01, 2020.

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

#### 1. Salary

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

#### 2. Perquisites

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

##### i. Housing

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

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

#### ii. Medical Reimbursement

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

#### iii. Leave Travel Concession

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

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

#### iv. Club Fees

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

#### v. Personal Accident Insurance

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

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

b. Gratuity as per the Rules of the Company.

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

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

#### vii. Earned Leave

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

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

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

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

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

8) Contribution to PM CARES and AP CM relief fund for relief efforts against Covid-19

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

"RESOLVED THAT pursuant to Section 135 and Section 181 of the Companies Act, 2013 and other applicable provisions Rules made thereunder, the contribution of the Company of an amount of Rs.17.29 lakhs to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES Fund) and an amount of Rs.0.88 lakh to AP CM Relief Fund aggregating to Rs. 18.17 lakh extended to fight the COVID-19 pandemic, as part of the Corporate Social Responsibility activities for the Financial Year 2020-21 as approved by the Board of Directors of the Company be and is hereby approved and ratified"

9) Sell, transfer, lease and/or otherwise dispose off the investment held in Jaiprakash Engineering and Steel Company Limited, subsidiary company.

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

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013 read with rules made thereunder and Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions, if any and subject to such other approvals / permissions as may be required in this regard, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board") to sell, transfer, lease and/or otherwise dispose of the whole or substantially the whole of the investment in Jaiprakash Engineering and Steel Company Limited, a Wholly Owned Subsidiary of the Company with effect from such date and on such terms and conditions as may be considered or deemed expedient, necessary or desirable and finalized by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize and decide the terms and conditions of sale/transfer/disposition/lease including consideration for the same.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things (including finalizing, executing and registering the deeds, documents and writings) as it may, in its sole and absolute discretion deem necessary, proper and/or desirable and to decide and settle any question, doubt or difficulty that may arise in regard to the sale/transfer/disposition including the retention of any asset or liability in Jaiprakash Engineering and Steel Company Limited, a Wholly Owned Subsidiary of the Company, as the Board, in its sole discretion, deems fit."

By Order of the Board

**Uday Shankar Jha**  
Chairman

Hyderabad  
November 30, 2020

## NOTES

- 1) Pursuant to the General circular number 14/2020, 17/2020 and 20/2020, dated April 08, 2020, April 13, 2020 and May 05, 2020 respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), Companies are allowed to hold AGM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of members at a common venue due to viral spread of novel corona virus.
- 2) A member entitled to attend and vote at the 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.
- 3) Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
- 4) Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a scanned copy of certified copy of the Board resolution / authorization letter to the Company at investors@nagarjunagroup.com.
- 5) 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.
- 6) 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, its Committees, shareholding and their relationship with other directors inter-se is annexed hereto.
- 7) Brief profile of Mr. Rajendra Mohan Gonela, Independent Director, Mrs. Lalitha Raghuram, Independent Director and Mr. K Rahul Raju, Managing Director along with names of companies in which they hold directorships and memberships/chairmanships of Board, its Committees, Shareholding and their relationship with other directors inter-se is annexed hereto.
- 8) The Register of Members and the Share Transfer Books will remain closed from December 23, 2020 to December 30, 2020 (both days inclusive).
- 9) In terms of Section 124 of the Companies Act, 2013, (Section 205C of the Companies Act, 1956), the dividends which remain 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 also has been transferred to the demat account of IEPF Authority.
- 10) 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) along with requisite fee prescribed 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 viz., www.nagarjunafertilizers.com under the 'Investors' section.
- 11) In terms of Regulation 39 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI – "Manner of dealing with unclaimed shares", the Company shall create an unclaimed suspense account and transfer all the unclaimed physical shares into the unclaimed suspense account.  
  
Members / claimants are advised to claim the unclaimed physical shares failing which the unclaimed / physical shares shall be transferred to unclaimed suspense account after due compliance with applicable provisions in this regard.
- 12) The Securities and Exchange Board of India has notified that the shareholders / transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the Company while transacting in the securities market including transfer, transmission or any other corporate action.  
  
Accordingly, all the shareholders / transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the Company at Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082, while transacting in the securities market including transfer, transmission or any other corporate action.
- 13) SEBI mandated listed companies to disallow from accepting request for transfer of securities which are held in physical form, with effect from April 1, 2019. Shareholders are requested to convert physical shares to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the Company.  
  
Further, SEBI allowed relodgement of transfer requests originally loaded on / before March 31, 2019, which were rejected / returned due to deficiency in the documents with requisite documents upto March 31, 2021.
- 14) Members holding shares in electronic form are requested to submit the PAN, Bank Details and Email Id if not furnished earlier, to their depository participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their certified copy of PAN at the Company's Registered Office.
- 15) To prevent fraudulent transactions, members are requested to exercise due diligence and notify the Company of any change in address, change / updates in details of bank accounts, or demise of any member as soon as possible, at the company's Registered Office,



- quoting their ledger folio number registered with the Company. 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.
- 16) 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
  - 17) In compliance with the Circulars, notice of 14th Annual General Meeting (AGM) along with Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company / depository(s). Members may note that Notice of the 14th AGM along with the Annual Report 2019-20 is available on the Company's website [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com), 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.
  - 18) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company's In-house STA, 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.
  - 19) 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.
  - 20) 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.
  - 21) As per the provisions of Section 72 of the Act, facility of making nomination is available for the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH-14. Members holding shares in physical form are requested to obtain the nomination forms from the Company. Members holding shares in electronic form may obtain the nomination forms from their respective depository participants.
  - 22) 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) service, to receive copies of the Annual Report 2019-20 in electronic mode at [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)
  - 23) 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.
  - 24) 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@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)
  - 25) As the AGM is being held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
  - 26) Members are requested to address all correspondences, including dividend matters, to Nagarjuna Fertilizers and Chemicals Limited, Investors Services Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082.
  - 27) The Company has designated an exclusive e-mail ID titled [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com) for the redressal of shareholders complaints / grievances. In case of any unresolved queries / complaints / grievances, please write to us at [secretarial@nagarjunagroup.com](mailto:secretarial@nagarjunagroup.com)
  - 28) 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, is providing remote e-voting facility to all the shareholders of the Company and e-voting during the 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 14th AGM.
- A Member shall opt only one mode of voting i.e., either remote e-voting or e-voting during 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 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 Sunday, December 27, 2020 at 10.00 A.M. and ends on Tuesday, December 29, 2020 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. December 23, 2020

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, in the Annual General Meeting. 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 VOTING ELECTRONICALLY ARE AS UNDER:**

- (i) The voting period begins on December 27, 2020 at 10.00 A.M. and ends on December 29, 2020 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 December 23, 2020 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) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) If you are a first time user follow the steps given below:
- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Nagarjuna Fertilizers and Chemicals Limited on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

For Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/STA or contact Company/STA.
Dividend Bank Details OR Date of Birth (DOB)	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. • 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).



**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

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/STA email id**.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/STA email id**.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. 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 atleast two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). 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 (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

2. Only those shareholders, who are present in the 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 AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the 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.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**(xx) Note for Non – Individual Shareholders and Custodians**

- 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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- 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 viz; [investors@nagarjunagroup.com](mailto:investors@nagarjunagroup.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

## 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. 4, 5, 6, 7, 8 & 9 of the accompanying notice.

#### Item No.4

The company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board at its meeting held on August 14, 2020 on recommendation of the Audit Committee, approved the appointment and remuneration of Rs. 4 Lakhs plus service tax as applicable and reimbursement of out of pocket expenses, to M/s. Sagar & Associates, Cost Auditors, Hyderabad, to conduct the audit of the cost records of the Company, for the Financial Year ending March 31, 2021, for the products "Fertilizers (Plant 1 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 ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2021 as set out in the resolution, for the services rendered / to be rendered by the Cost Auditor.

None of the Directors and / or Key Managerial Personnel of the Company and / or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 4.

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

#### Item No.5

The Board of Directors of the Company on May 28, 2020, appointed Mr. Rajendra Mohan Gonela as an Additional & Independent Director of the Company.

The Company has received from Mr. Rajendra Mohan Gonela, 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.

It is proposed to appoint Mr. Rajendra Mohan Gonela as an Independent Director of the Company with effect from May 28, 2020 for a period of five years up to May 27, 2025, not liable to retire by rotation pursuant to the provisions of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Rajendra Mohan Gonela fulfills the conditions for appointment as an Independent Director as specified in the Act, Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Rajendra Mohan Gonela is independent of the management.

#### Brief Profile of Mr. Rajendra Mohan Gonela:-

Mr. Rajendra Mohan Gonela, is a Bachelor of law with post graduation in Constitutional and administrative Laws. He is also honored with Doctorate in Intellectual Property Rights in the year 2011. Mr. Gonela started his career as a probationary officer working with Public sector undertaking with Indian Overseas Bank. Later he served as a Principal Secretary-(Indian Administrative Service) for Government of India (Andhra Pradesh cadre) for the period June 1977 till March 2013.

Later, he served as a CEO of Anand Group of Companies which has diversified businesses of Mining, salt refinery, spinning and wealth management for the period September 2014 till November 2018 and currently is designated as a honorary advisor to Anand Granite Exports Private limited.

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

Copy of the letter of appointment of Mr. Rajendra Mohan Gonela as Independent Director setting out terms and conditions are available electronically for inspection by the members during the AGM. Members intending to inspection the documents are requested to write to investors@nagarjuna-group.com.

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. Rajendra Mohan Gonela.

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

#### Item No.6

The Board of Directors of the Company vide resolution dated May 16, 2015 appointed Mrs. Lalitha Raghuram as an Independent Director of the Company for a period of five years with effect from April 18, 2015.

In terms of the provisions of Section 149 of the Companies Act, 2013, and the Rules made thereunder, an Independent Director can be reappointed for a second consecutive term of maximum 5 (five) years with the approval of the shareholders by way of special resolution.

The Company has received from Mrs. Lalitha Raghuram, 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.

It is proposed to re-appoint Mrs. Lalitha Raghuram, as an Independent Director of the Company for a second term of five years commencing from April 18, 2020 up to April 17, 2025, not liable to retire by rotation pursuant to the provisions of Section

149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mrs. Lalitha Raghuram fulfills the conditions for appointment as an Independent Director as specified in the Act, Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mrs. Lalitha Raghuram is independent of the management.

#### **Brief Profile of Mrs. Lalitha Raghuram:**

Mrs. Lalitha Raghuram is a post graduate in Social Work and post graduate in Commerce with advanced accounting & auditing. She also did her Post graduate diploma in personnel management & industrial relations and in community eye health from L. V. Prasad Eye Institute, Hyderabad.

Mrs. Lalitha Raghuram is the country Director of Mohan Foundation, Hyderabad, India responsible for (a) Advocacy in organ donation (b) augmenting deceased organ donations (c) expanding the footprint of Mohan Foundation, (c) Resource Mobilisation, (d) strategic planning (e) liaison with Government.

She was Country Director, Operation Eyesight Universal, India – April 2004 to April 2009 responsible and accountable for all the functions of Operation Eyesight in India, an international development organisation focused on eliminating avoidable blindness.

Mrs. Lalitha Raghuram has received “Womentor” Award in the year 2018 and received “International Eye Care Hero Award”, in the year 2018.

Details in relations to names of companies in which she 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.

Copy of the letter of appointment of Mrs. Lalitha Raghuram as an Independent Director setting out terms and conditions are available electronically for inspection by the members during the AGM. Members intending to inspection the documents are requested to write to investors@nagarjunagroup.com.

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 Mrs. Lalitha Raghuram.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for the approval of the Members.

#### **Item No.7**

Mr. K Rahul Raju was appointed as Managing Director of the Company at the Board Meeting held on May 26, 2017 with effect from August 01, 2017 for a period of three years. The term of appointment concluded on July 31, 2020

The Board of Directors at their meeting held on August 14, 2020, based on recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. K Rahul Raju as Managing Director of the Company for a period of three years with effect from August 1, 2020.

The appointment of Mr. K Rahul Raju as the Managing Director of the Company is in accordance with the provisions of Section 203 and 197 of the Companies Act, 2013.

The re-appointment provides for payment of remuneration of Rs. 5 lakhs per month and perquisites restricted to an amount equal to annual salary.

The Company has incurred losses as on March 31, 2020, and it is proposed to consider re-appointment Mr. K Rahul Raju as Managing Director of the Company at the said remuneration for a further period of three years with effect from August 01, 2020 to July 31, 2023, in view of the present financial position of the Company, the on-going restructuring exercise and his immense experience and expertise.

Further, the Company has made defaults in repayment of its debts/ interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment. (i.e. 2019-2020).

Accordingly, in terms of Section 197 read with Schedule V of the Companies Act, 2013, the proposed remuneration payable requires the prior approval of the Financial Institutions and the approval of the members of the Company by way of special resolution.

The Board commends the re-appointment of Mr. K Rahul Raju as Managing Director of the Company for a period of 3 years with effect from August 01, 2020 and the remuneration to be paid to him as per the terms and conditions stated in the Notice.

#### **Statement of disclosure pursuant to Schedule V to the Companies Act, 2013**

The following disclosures are being made in relation to the reappointment and payment of remuneration to Mr. K Rahul Raju as Managing Director

#### **I. General Information**

##### **1. Nature of the Industry**

The Company is in the fertilizer sector and manufactures Urea and Micro-irrigation systems and also is in the business of sale of other fertilizers. The Company is the second largest manufacturer of Urea in the private sector and is the largest fertilizer manufacturer in South India. The Company is also the second largest manufacturer of Micro-Irrigation systems in India. The production and marketing of Urea is controlled under the Essential Commodities Act, 1955. The Company's main product viz Urea continues to be regulated under Government policy.

##### **2. Date of Commencement of Commercial Production (includes data of Erstwhile NFCL since merged into Kakinada Fertilizers Limited now named as Nagarjuna Fertilizers and Chemicals Limited**

###### **a. Urea and ammonia plants.**

The Plant 1 of the Company commenced commercial production in August 1992 and Plant 2 commenced commercial production in March 1998.

###### **b. Revamp / de-bottlenecking with Carbon-dioxide recovery unit under Clean Development Mechanism of the plants at Kakinada During the years 2007 - 2009 the Company carried out a major revamp/ de-bottlenecking with the**



technical collaboration with Mitsubishi Heavy Industries Ltd, Japan and Tecnimont ICB Pvt Ltd, Mumbai, which is an Indian subsidiary of Technimont S. P. A., Italy.

c. Micro Irrigation Plants

The Company also acquired the Micro irrigation business from one of its group companies through a scheme of merger.

The Micro Irrigation Plant at Nacharam commenced commercial production in March 1998, at Sadasivapeta, Hyderabad in December 2009 and at Halol, Gujarat, which merged with the Company through a Composite Scheme of merger and amalgamation, in May 2011.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

4. Foreign investments or collaborators, if any.

a. Foreign Investments

Saipem S.p.A. holds 44,00,000 equity shares of Rs.1/- each aggregating to Rs. 44 lakhs which amounts to 0.74 % of the total equity capital of the Company.

As on March 31, 2020 out of the total paid up equity capital, foreign Promoters account for 2.21%, 0.09% to Foreign Institutional Investment and Foreign Portfolio Investment and Non resident Indians hold 1.09% of the total paid up equity capital.

b. Foreign collaborators

i. Urea and ammonia plants.

Technical collaborators:

The Company's ammonia and urea plants were established with Foreign technical collaboration. The ammonia plants were established with technical collaboration of M/s Haldor Topsoe, Denmark and the urea plants were established with the technical collaboration of M/s Saipem, SpA, Italy. CO2 removal Section technology was supplied by M/s Giammarco Vetrocoke, Italy.

ii. Revamp / de-bottlenecking

Revamp / de-bottlenecking under Clean Development Mechanism of the Plants at Kakinada was carried out with technical collaboration with Mitsubishi Heavy Industries Ltd., Japan and Tecnimont ICB Pvt. Ltd., Mumbai.

## II. Information about the appointee

### a. Background details

Mr. K Rahul Raju entered the Group as the head of Nagarjuna Group's Emerging Business initiatives from 1997 to 2000. In the year 2000 he started Bijam Biosciences Ltd and was its CEO for 4 years. The Company had several firsts to its record. When Erstwhile NFCL entered CDR, Mr. K Rahul Raju was asked to join as Director - Business Development and Strategic Planning of Erstwhile Nagarjuna Fertilizers and Chemicals Limited since 2004 in order to help steer the Company back to profitability. Several initiatives under his leadership have resulted in the Company's reemergence as a formidable player in the Indian fertilizer industry. He was later

appointed to the position of Joint Managing Director w.e.f. November 1, 2008. He was appointed as the Managing Director of the Company from August 1, 2011.

The remuneration proposed to be paid to Mr. K Rahul Raju is much lower than the industry standards. Mr. K Rahul Raju besides receiving remuneration for his services as Managing Director of the Company respectively do not receive any other monetary or non-monetary benefit from the Company.

b. Past remuneration

Mr. K Rahul Raju is presently receiving remuneration of Rs 5 lakhs per month respectively and perquisites restricted to an amount equal to annual salary. The proposed re-appointment provides for payment of remuneration of Rs. 5 lakhs per month and perquisites restricted to an amount equal to annual salary.

c. Recognition or awards: Nil

d. Job profile and suitability

Mr. K Rahul Raju is a Honors Graduate in Commerce, Post Graduate Diploma in Management and has over 23 years experience. He has been associated with the Erstwhile NFCL since 1997 as Whole-time Director and Managing Director of the Company since August 2011 and made significant contribution to Erstwhile NFCL and the Company.

e. Remuneration proposed to Mr. K Rahul Raju

Salary: Rs.5.00 lakhs p.m. (including dearness allowance and all other allowances)

Commission: 0.5% of the net profits of the Company, limited to annual salary

Perquisites: restricted to an amount equal to the annual salary

f. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

The remuneration being paid to Mr. K Rahul Raju is much lower compared to the fertilizer industry standards and companies of similar size and turnover. i.e., around 25% of the remuneration being paid by similar fertilizer companies to their managerial personnel.

g. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Other than the remuneration proposed he does not receive any other pecuniary benefits.

## III. Other Information

### 1. Reasons for loss

The Company recorded losses during the Previous Financial Year on account of lower production of Manufactured Urea due to single Unit Operation resulting in contribution loss and energy incentive loss.

### 2. Steps taken or proposed to be taken for improvement

The Company's plants continue to operate efficiently and the fertilizers operations of the Company are viable and profitable. Owing to the reasons stated above, the Company has incurred a loss and the Company proposes to improve its profitability by taking measures such as

- a. Debt Resolution
  - b. Ensuring adequate working capital for both plant's operation
  - c. Make efforts to secure adequate availability of Natural Gas.
  - d. Improve energy efficiency
  - e. Further improve the operations of the Company
  - f. Cost control
3. Expected increase in productivity and profits in measurable terms.

The availability of working capital, additional Natural Gas will be sourced which will result in increase in the production and consequent increase in profit. The energy efficiency would also improve and this would lead to higher productivity and profits.

The Company also proposes to take adequate measures for energy reduction and to control costs.

#### IV. Disclosures

The following disclosures are mentioned in the Corporate Governance Report for the Financial Year 2019-20.

The details are as under :

- i. all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;
  - a. the Executive Directors are entitled to the following remuneration :
    1. Salary: Rs.5.00 lakhs p.m. (including dearness allowance and all other allowances)
    2. Perquisites: restricted to an amount equal to the annual salary.
    3. Commission: 0.5% of the net profits of the Company, limited to annual salary.
  - b. the Non-Executive Directors are not entitled to any remuneration except payment of Sitting Fees of Rs.15,000/- per Board / Committee Meetings, attended by them.
- ii. details of fixed component and performance linked incentives along with the performance criteria – Nil
- iii. service contracts, notice period, severance fees- The Managerial Personnel are subject to service Rules as other employees of the Company. The Rules and Regulations governing service contracts, notice periods and severance fees are detailed in the H R Policy of the Company
- iv. stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Not applicable as no stock option schemes are provided.

Details of remuneration proposed to be paid to Mr. K Rahul Raju is provided in the resolution No. 7 of the Notice convening the 14th Annual General Meeting.

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

The Board commends the Special Resolution set out at Item No.7 of the Notice for the approval of the Members.

#### Item No.8

Your Company, as a part of its Corporate Social Responsibility had contributed an aggregate amount of Rs. 18.17 Lakhs on April 29, 2020 which includes one day salary of all the associates of Company amounting to Rs.7.71 Lakhs to PM-CARES Fund and an amount of Rs. 88,000/- was to contributed to AP CM Relief Fund.

The Company has been consistently recording losses since the last few years and the contribution of the Company amounting to Rs.18.17 Lakhs requires the approval of the members of the Company being in excess of 5% of its average net profits for the three immediately preceding financial years, in terms of Section 181 of the Companies Act, 2013.

Based on the recommendation of Corporate Social Responsibility (CSR) Committee, the Board of Directors commend the special resolution in relation to contribution made by the Company to PM-CARES and AP CM Relief Fund under item no. 8 for the ratification of the members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise is in the said Resolution.

The Board commends the Special Resolution set out at Item No.8 of the Notice for the approval of the Members.

#### Item No. 9

Jaiprakash Engineering and Steel Company Limited (JESCO), is a wholly owned subsidiary of the Company having its registered office at 510, 3rd A Cross, 2nd Main, 3rd Block, Raj Mahal Vilas – II, Dollars Colony Bangalore – 560 094.

JESCO has been allotted land by Karnataka Industrial Areas Development Board (KIADB) to an extent of 986.52 acres for setting up of an Integrated Steel Plant and JESCO had paid for the land allotted but the sale cum transfer deeds have not been executed for the said land. Further, JESCO upon request had surrendered land to the extent of 237.82 acres to KIADB

Subsequently Government of Karnataka (GOK) had issued G.O to take repossession of the land allotted to JESCO, which was challenged in the court of law.

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

Further, JESCO had appointed consultants to get the required approvals from the GOK for the implementation of the approved projects, which however was not materialized due to various factors JESCO was facing.

In view of non-execution of sale deed and legal complications, the management as a prudent measure considered appropriate that there should be diminution in the value of the said investment.

The Board of Directors at their meeting held on February 12, 2020, had approved diminution of the remaining investment in the books of accounts of the company, amounts to Rs.13.4617 Crs besides the existing provision of Rs. 9.10 crs, and subsequent write off the entire investment in JESCO in the books of accounts of the company.

In view of the writing off of the entire investment of the company in JESCO, the Board of Directors at their meeting held on November 30, 2020, had approved to sell, transfer, lease and/or otherwise dispose of the whole or substantially the whole of the investment in JESCO.

The proceeds arising out of the sale of Investment in JESCO shall be utilized for the purpose / implementation of Resolution Plan in the Company.

In terms Section 180(1)(a) of the Companies Act, 2013 read with rules made thereunder and Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions, if any, the sell, transfer, lease and/or otherwise dispose of the whole or substantially the whole of the investment in JESCO or ceases exercise of control over the subsidiary, requires the approval of the members by way of a special resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise is in the said Resolution.

The Board of Directors of the Company commend the special resolution under item no. 9 for your approval to sell, transfer, lease and/or otherwise dispose of the whole or substantially the whole of the investment in JESCO.

**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@nagarjunagroup.com](mailto:investors@nagarjunagroup.com).

By Order of the Board

**Uday Shankar Jha**  
Chairman

Hyderabad  
November 30, 2020



## 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. Uday Shankar Jha	Mr. Chandrapal Singh Yadav
Designation	Chairman (Non-Executive)	Nominee Director
Director Identification Number (DIN)	00056510	00023382
Date of Birth	June 16, 1950	March 19, 1959
Age	71 Years	62 Years
Nationality	Indian	Indian
Date of Appointment	August 06, 2016	September 29, 2016
Qualification	M. Sc., Physics	MSC, B. Ed, LLB
Expertise in specific functional areas	<p>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.</p> <p>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.</p>	<p>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</p>
Shareholding in the Company	Nil	Nil
List of Directorships held in other Companies	Jaiprakash Engineering and Steel Company Limited	<ul style="list-style-type: none"> <li>• Nagarjuna Oil Refinery Limited</li> <li>• Krishak Bharati Co-operative Limited</li> <li>• National Coop. Union of India</li> <li>• Kribhco Infrastructure Ltd.</li> <li>• Continental Multimodal Terminals Ltd.</li> <li>• Bundelkhand Krishi Utpadan Vipanan Sehkari Samiti</li> <li>• National Agricultural Cooperative Marketing Federation (NAFED)</li> <li>• Co-operative Bank of India</li> <li>• Gramin Vikas Trust (GVT)</li> <li>• Kisan Bahudesiya Vipnan Sehkari Samiti Ltd.</li> <li>• The Anupama Coop. Veg. &amp; Fruit Growers Mktg. Society Ltd.</li> <li>• National Coop. Consumer Federation of India Ltd. (NCCF)</li> <li>• National Federation of Urban Coop. Banks &amp; Credit Societies (NAFCUB)</li> <li>• General Council of NCDC</li> <li>• National Film &amp; Fine Arts Coop. Ltd. (NAFFAC)</li> <li>• KRIBHCO Fertilizers Limited</li> </ul>
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including the Company's	<p>Nagarjuna Fertilizers and Chemicals Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Nomination and Remuneration Committee</li> <li>- Stakeholders Relationship Committee</li> <li>- Risk Management Committee</li> <li>- Management Committee</li> <li>- Shares and Debentures Committee</li> </ul> <p>Jaiprakash Engineering and Steel Company Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Nomination and Remuneration Committee</li> </ul>	<p>National Cooperative Union of India</p> <ul style="list-style-type: none"> <li>- Executive Committee</li> </ul> <p>Krishak Bharati Co-op Limited</p> <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Executive Committee</li> </ul> <p>National Agricultural Cooperative Mktg. Federation (NAFED)</p> <ul style="list-style-type: none"> <li>- Executive Committee</li> </ul>
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company

## Annexure to Item No. 5, 6 & 7 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. Rajendra Mohan Gonela	Mrs. Lalitha Raghuram	Mr. K Rahul Raju
Designation		Independent Director	Managing Director
Director Identification Number (DIN)	02354356	07161344	00015990
Date of Birth	July 09, 1961	June 21, 1962	August 31, 1976
Age	58 Years	58 Years	44 Years
Nationality	Indian	Indian	Indian
Date of Appointment	May 28, 2020	April 18, 2020	August 01, 2020
Qualification	Bachelor of Law	Post graduate in Social Work and post graduate in Commerce with advanced accounting & auditing	Honors Graduate in Commerce, Post Graduate Diploma in Management
Expertise in specific functional areas	<p>Mr. Rajendra Mohan Gonela, is a Bachelor of law with post graduation in Constitutional and administrative Laws. He is also honored with Doctorate in Intellectual Property Rights in the year 2011. Mr. Gonela started his career as a probationary officer working with Public sector undertaking with Indian Overseas Bank. Later he served as a Principal Secretary-(Indian Administrative Service) for Government of India (Andhra Pradesh cadre) for the period June 1977 till March 2013.</p> <p>Later, he served as a CEO of Anand Group of Companies which has diversified businesses of Mining, salt refinery, spinning and wealth management for the period September 2014 till November 2018 and currently is designated as a honorary advisor to Anand Granite Exports Private limited.</p>	<p>Ms. Lalitha Raghuram is the country Director of Mohan Foundation, Hyderabad, India responsible for (a) Advocacy in organ donation (b) augmenting deceased organ donations (c) expanding the footprint of Mohan Foundation, (c) Resource Mobilisation, (d) strategic planning (e) liaison with Government.</p> <p>She was Country Director, Operation Eyesight Universal, India – April 2004 to April 2009 responsible and accountable for all the functions of Operation Eyesight in India, an international development organisation focused on eliminating avoidable blindness.</p> <p>Ms. Raghuram has received “Womentor” Award in the year 2018 and received “International Eye Care Hero Award”, in the year 2018.</p>	<p>Mr. K Rahul Raju entered the Group as the head of Nagarjuna Group’s Emerging Business initiatives from 1997 to 2000. In the year 2000 he started Bijam Biosciences Ltd and was its CEO for 4 years. The Company had several firsts to its record. When Erstwhile NFCL entered CDR, Mr. K Rahul Raju was asked to join as Director - Business Development and Strategic Planning of Erstwhile Nagarjuna Fertilizers and Chemicals Limited since 2004 in order to help steer the Company back to profitability.</p> <p>He was later appointed to the position of Joint Managing Director w.e.f. November 1, 2008. He was appointed as the Managing Director of the Company from August 1, 2011.</p>
Shareholding in the Company	Nil	Nil	Nil
List of Directorships held in other Companies	-	-	Nagarjuna Oil Refinery Limited (under liquidation)
Memberships / Chairmanships of Audit and Stakeholders’ Relationship Committees across Public companies including the Company’s	Audit Committee - Member	Nagarjuna Fertilizers and Chemicals Limited - Audit Committee - Nomination and Remuneration Committee - Stakeholders Relationship Committee - Corporate Social Responsibility Committee	Nagarjuna Fertilizers and Chemicals Limited - Corporate Social Responsibility Committee - Risk Management Committee - Management Committee - Shares and Debentures Committee
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company	No relationship with other Directors, Manager and other Key Managerial Personnel of the company

## DIRECTORS' REPORT

### Dear Members,

Your Directors present the Fourteenth 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, 2020 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, 2020, prepared as per Ind AS reporting are as under:

#### Standalone Financial Results

Particulars	2019 – 2020 Current year	2018 – 2019 Previous year
Net Sales/Income from Operations	1,704.51	1940.35
Other Income	28.98	26.47
Total Expenditure		
a. Changes in inventories of finished goods, stock-in-trade and work in progress	(5.01)	35.49
b. Cost of materials consumed	785.62	709.42
c. Employee Benefits expense	105.33	157.45
d. Purchase of Stock-in-Trade	13.95	258.56
e. Power and Fuel	701.23	599.94
f. Other expenses	227.26	317.17
Total	1,828.38	2,078.03
Finance cost	328.79	307.99
Depreciation and amortization	82.13	88.83
Profit/ (Loss) before exceptional items, and tax	(505.81)	(508.03)
Exceptional Items	-	18.86
Profit/(Loss) before tax	(505.81)	(526.89)
Provision for tax	0.78	0.00
Deferred tax	(34.24)	(36.16)
Profit / (Loss) after tax	(472.35)	(490.73)
Other Comprehensive income (net of tax)	(3.42)	(0.08)
Total Comprehensive income	(468.93)	(490.65)
Dividend – equity shares	-	-
Tax on proposed dividend	-	-
Balance c/d to Balance Sheet	(468.93)	(490.65)
Paid Up equity share capital (Face value of Re.1/- per share)	59.81	59.81
Reserves excluding revaluation reserve	53.89	522.82
Earnings per share (annualized) – in Rs.		
Basic and Diluted	(7.90)	(8.21)

#### Consolidated Financial Results

(₹ in crores)

Particulars	2019 – 2020 Current year	2018 – 2019 Previous year
Net Sales/Income from Operations	1,704.51	1940.35
Other Income	29.00	26.48
Total Expenditure		
a.Changes in inventories of finished goods, stock-in-trade and work in progress	(5.01)	35.49
b. Cost of materials consumed	785.62	709.42
c.Employee Benefits expense	105.33	157.45
d.Purchase of Stock-in-Trade	13.95	258.56
e. Power and Fuel	701.23	599.94
f. Other expenses	213.81	312.68
Total	1,814.93	2,078.05
Finance cost	328.79	307.99
Depreciation and amortization	82.13	88.83
Profit/ (Loss) before exceptional items, and tax	(492.35)	(503.54)
Exceptional Items	-	18.86
Profit/(Loss) before tax	(492.35)	(522.40)
Provision for tax	0.78	0.00
Deferred tax	(34.24)	(36.16)
Profit / (loss) after tax before minority interest	(458.89)	(486.24)
Share of Loss transferred to Minority Interest	(0.00)	(0.00)
Share of Loss from Associate Company	-	-
Profit / (Loss) for the year	(458.89)	(486.24)
Other Comprehensive income (net of tax)	(3.42)	0.08
Total Comprehensive income	(455.48)	(486.16)
Dividend-equity shares	-	-
Tax on proposed dividend	-	-
Balance sheet	(455.48)	(486.16)
Paid-up equity share capital (Face value of Re.1/- per share)	59.81	59.81
Reserves excluding revaluation reserve	71.82	527.29
Earnings per share (annualized) – in Rs.		
Basic and Diluted	(7.67)	(8.13)



## Financial Summary

The loss after tax for the year was Rs.472.35 crores as against Rs. 490.73 crore for the previous year. Due to Financial stress, the company has not operated Plant - II during first half and Plant - I could not be operated during second half of the financial year 2019-2020. Consequently, production during the year was lower and had increased energy cost.

## Share Capital

The Paid-up Equity Capital of the Company as on March 31, 2020 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 2019-20 in view of losses incurred by the Company.

## Dividend

The Board of Directors of the Company, after considering the operational performance for the financial year ended on March 31, 2020 do not recommend any dividend for the year.

## Plant Operations

### Urea

Your Company during the year 2019-20 manufactured 6.925 LMT of urea as against 5.85 LMT in the previous year. The production for the year 2019-20 is less compared to the usual level, owing to only one plant operation on account of acute financial stress due to inadequate availability of Fund Based and Non-Fund based working capital facilities from Banks

### Micro-Irrigation

Your Company achieved a production of 260.56 Lakh Meters in FY 2019-20 against 954.79 Lakh Meters during the previous year. PVC pipes production of 7.51 Lakh Meters in FY 2019-20 against 32.31 Lakhs Meters during the previous year.

## MARKETING

### Urea

Your Company achieved a sale of manufactured urea of 6.87 LMT compared to 6.38 LMT in the previous year.

The total urea sales for both manufactured and imported urea was 7.14 LMT compared to 8.85 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 sold 463 MT of Specialty Fertilizer during the year in comparison with sales of 8650 MT during the previous year

### Micro-nutrients

Your Company sold 180 MT of Micro-nutrients during the year in comparison with sales of 2842 MT during the previous year.

### Supplements and OSR

Your Company sold 373 MT/KL of Supplements & OSR during

the year in comparison with sales of 7290 MT/KL during the previous year.

## Customized Fertilizers

Your Company sold 11570 MT of Customized Fertilizers during the year in comparison with sales of 14126 MT during the previous year.

## Nagarjuna Brand

The Company has been using Nagarjuna Brand/ Trademarks under a License Agreement dated January 29, 1998.

## 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, 2020 completed 15,66,272 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.

## Energy Saving Schemes Implementation at NFCL, Kakinada

The Company is taking necessary steps in relation to the revised Energy Norms and Target set by Department of Fertilizers (5.50 Gcal/MT Urea from 2020-21 onwards).

## Resolution Plan (RP)

### A. Background for Debt Restructuring

After a decade of focused turn around by 2013 from a pure urea producer, NFCL had become India's largest private sector fertilizer company by sales volume (with a pan India presence). The company was also the most profitable urea manufacturing company (per metric ton of urea produced) and the fastest growing and the most profitable micro irrigation company in the country.

### B. Reasons for financial stress and status on debt resolution.

1. During FY 2015 on account of a GAIL pipeline accident around 100KM from the the company's plants, the company had to stop urea production and started incurring losses.
2. The Company's lenders constituted an empowered Joint Lenders Forum (JLF) in 2015 and approved rectification under the extant Corrective Action Plan (CAP) guidelines of RBI dated 2014 along with funding. The funding assessed by the lenders for rectification was Rs 3050 Crs of working capital and Rs 800 Crs of Working Capital Term Loan. The Promoter (AMPL) and the nominees agreed to provide share pledge and personal guarantees for the assessed CAP loans\*. Due to partial release of the funds assessed

for rectification in FY 16 the company's fast growing and profitable non-urea businesses were severely impacted and the company could not meet the CAP targets resulting in losses and eventual loan defaults in 2018.

3. The company's financial stress is purely on account of external factors. While there are ongoing litigations relating to Debt Resolution of the disputed CAP loans in various courts, the company is working closely with lenders and other agencies and targeting to amicably resolve the debt stress by the end of FY21.

### C. Cost Saving Programmes Undertaken

1. Closure of Non-Core Divisions: The Company has decided to focus on Urea and Micro Irrigation manufacturing and distribution business and has decided to and closed down its Research, Development and Projects Divisions and has outsourced and closed down its ikisan divisions during the first quarter of 2019- 20. Post closure of the ikisan division the company had outsourced the remaining eNAM work and agreed to transfer the contractual undertaking to Farmgate Technologies Private Limited (a sub contractor) through competitive bidding to avoid any contingent liabilities. While the company has closed down the ikisan division it had agreed to participate in future project enquires along with Farmgate consortiums for a 5% share in lump sum profits without financial or operational obligations.
2. Additionally, the Company has substantially reduced Fixed Costs through various cost reduction initiatives across the Company.
3. The Company would be disposing non-core assets in a scheduled manner to contribute towards its planned Debt Restructuring Program.
4. The Company is working on legal remedies to contain and reduce various contingent liabilities.

### Agriculture lands:

The Company is in possession of agricultural lands that have come into the company as part of the Composite Scheme of Arrangement and Amalgamation in 2011, which have been recorded in the books of accounts at fair value as part of the Scheme.

The Board of Directors in compliance with the requirements of the provisions of Andhra Pradesh / Telangana Land Reforms Act 1973 (Act) had decided to impair the excess Agricultural Land under the said Act and restate the agricultural land value in the books of accounts of the company.

### Acquisition of Kapavaram lands by Government of Andhra Pradesh:

The company holds land admeasuring 197.08 acres (Kapavaram Land) situated at Kapavaram Village, Biccavolu Mandal, East Godavari District, Andhra Pradesh.

The District Collector, East Godavari District, pursuant to Section 11 of The Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013 (Act) had issued gazette notification dated February 24, 2020, for acquisition of land in Kapavaram Village, Biccavolu Mandal, East Godavari District, for the implementation of Government of Andhra Pradesh public welfare scheme "Pedallandariki Illu", which includes 197.08 acres of land of NFCL.

The gazette notification was issued with the authorization to the Revenue Divisional Officer, Ramachandrapuram and his

staff to enter upon and survey land, take levels of any land, dig or bore into the sub-soil & do all other acts required for the proper execution of their work as provided and specified in section 12 of the Act.

Further, under section 11(a) of the Act, no person shall make any transaction or cause any transaction of land i.e. sale/purchase, etc., or create any encumbrances on such land from the date of publication of such notification without prior approval of the Collector. Pursuant to the above Notification, leading to compulsory acquisition, the Company approached the Government for enabling appropriate negotiation.

The IDBI Bank Limited, to which the said land was mortgaged had issued No Objection Certificate (NOC) to the Government for the acquisition of the said land.

In view of the above, the Board of Directors had approved for the negotiations, finalization and subsequent handing over of land of the company at Kapavaram village of Biccavolu Mandal, East Godavari district, Andhra Pradesh under land acquisition to Government of Andhra Pradesh

### Change in the nature of business

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

### 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 Registered 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 as a prudent measure had approved writing off of entire investment in its subsidiary at their meeting held on February 12, 2020.

In view of the writing off the entire investment of the company in JESCO, the Board of Directors at their meeting held on November 30, 2020, had approved to sell, transfer, lease and/or otherwise dispose of the whole or substantially the whole of the investment in JESCO.

The proceeds arising out of the sale of Investment in JESCO shall be utilized for the purpose / implementation of Resolution Plan in the Company.

The company has two Associate Companies viz., Nagarjuna Agricultural Research And Development Institute Private Limited (A company incorporated under Companies Act, 1956 bearing CIN U29100TG1995PTC022409 and having its registered office at Nagarjuna Hills, Punjagutta Hyderabad – 500082, Telangana) and 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).

Further, Nagarjuna Agricultural Research and Development Institute Private Limited established in 1995 supports agricultural research and farmer training under lease of agricultural land situated at Wargal, admeasuring 97.14 acres from the Company.

There is no change in the status of subsidiaries or associates companies during the year under review. There is 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 Companies appears as **Annexure I** to this Report.

Except mentioned above regarding write off investment of the Company in JESCO and the approval of the Board of Directors to sell, transfer, lease and/or otherwise dispose of the whole or substantially the whole of the investment in JESCO, there is 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 Associates 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 subsidiaries companies are also available on the website of the Company at <http://www.nagarjunafertilizers.com/investor.htm>.

#### Material changes and commitments

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of the Report.

#### D. Directors, Board Committees, Key Managerial Personnel and Remuneration

##### Directors

##### Vacation of office of Mr. V V S Ravindra, Nominee Director, IDBI Bank Limited

In terms of Section 167 of the Companies Act, 2013, Mr. V V S Ravindra, Nominee Director, IDBI Bank Limited had vacated his office of Directorship of the Company on August 31, 2020, as he had been absent from all the Board Meetings held during the period of 12 months from August 13, 2019.

##### Resignation of Mr. Syed Shahabuddin, Nominee of State Bank of India

Mr. Syed Shahabuddin, Nominee of SBI has resigned from the office of directorship with effect from June 13, 2019 due to disqualification under Section 164 (2) of the Companies Act, 2013.

The Board placed on record its appreciation for the services and contributions made by Mr. Syed Shahabuddin, during his tenure as the Director of the Company.

##### Independent Directors

##### Resignation of Mr. C.B. Mouli, Independent Director

Mr. C B Mouli, Director of the Company resigned from the Directorship with effect from October 10, 2019 due to personal reasons.

The Board placed on record its appreciation for the services and contributions made by Mr. C B Mouli, during his tenure as the Director of the Company.

##### Appointment of Ms. Girija Bhan and Hon'ble Shri Justice K C Bhanu (Retd), Independent Directors

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Ms. Girija Bhan and Hon'ble Shri Justice K C Bhanu (Retd) have been appointed as Additional Directors and Independent Directors with effect from November 11, 2019, for a period of five (5) years, not liable to retire by rotation, by the Board of Directors of the Company subject to the approval of the members of the Company.

The Members at the 13th Annual General Meeting held on December 24, 2019, approved the appointment of Ms. Girija Bhan and Hon'ble Shri Justice K C Bhan (Retd) as Independent Directors of the Company for a period of five (5) years not liable to retire by rotation.

##### Appointment of Mr. Rajendra Mohan Gonela as an, Independent Director

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Mr. Rajendra Mohan Gonela, have been appointed as Additional Director and Independent Director with effect from May 28, 2020, for a period of five (5) years, not liable to retire by rotation, by the Board of Directors of the Company subject to the approval of the members of the Company.

The proposed appointment is being placed before the members for their approval.

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

In the opinion of the Board, the Independent Directors possess adequate integrity, expertise and proficiency.

##### Re-appointment of Mrs. Lalitha Raghuram, as an Independent Director

The Board of Directors of the Company appointed Mrs. Lalitha Raghuram as an Independent Director of the Company for a period of five years with effect from April 18, 2015.

In terms of the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder, an Independent Director can be reappointed for a second term of maximum 5 (five) years by obtaining approval of the shareholders by a



way of special resolution and subject to report of performance evaluation and on disclosure of such reappointment in the Board's Report.

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Mrs. Lalitha Raghuram, have been re-appointed as an Independent Director with effect from April 18, 2020, for a period of five (5) years, not liable to retire by rotation, by the Board of Directors of the Company subject to the approval of the members of the Company.

The proposed appointment is being placed before the members for their approval.

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

In the opinion of the Board, the Independent Directors possess adequate integrity, expertise and proficiency

## Key Managerial Personnel

### Resignation of Company Secretary

Mr. K Chandra Sekhar Naidu, Company Secretary and Compliance Officer resigned from the Company with effect from July 01, 2019

### Resignation of Chief Financial Officer

Mr. H Muralidhar, Chief Financial Officer and Key Managerial Personnel, resigned from the Company with effect from November 01, 2019.

### Appointment of Company Secretary

Mr. Vijaya Bhasker M, has been appointed as the Company Secretary and Compliance Officer of the Company with effect from November 29, 2019.

### Appointment of Chief Financial Officer

The Board of Directors at their meeting held on November 30, 2020, had appointed Mr. K Rahul Raju, Managing Director, as the Chief Financial Officer of the Company with effect from November 30, 2020 to fill the vacancy and comply with the requirements of applicable laws, until the Company finds a suitable candidate for the position.

### 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 1, 2017. His term of appointment expired on July 31, 2020

The Board of Directors at their meeting held on August 14, 2020, based on the commendation of the Nomination and Remuneration Committee, had approved the re-appointment of Mr. K Rahul Raju, as Managing Director, of the Company for a period of 3 years with effect from August 01, 2020 and payment of remuneration subject to the prior approval of the Financial Institutions/Banks and the approval of the members of the Company

The re-appointment of Mr. K Rahul Raju and payment of remuneration is being placed before the members of the Company at the 14th Annual General Meeting.

The details of Directors being recommended for re-appointment are contained in the Corporate Governance Report.

## 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, 2020:

- a) Mr. K. Rahul Raju, Managing Director
- b) Mr. K Chandra Sekhar Naidu, Company Secretary (resigned w.e.f July 01, 2019)
- c) Mr. M Vijaya Bhasker, Company Secretary (w.e.f November 29, 2019)

### 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, retires at the forthcoming Annual General Meeting and being eligible, offers themselves for reappointment. The Board of Directors recommends the reappointment of Mr. Uday Shankar Jha and Mr. Chandrapal Singh Yadav, as directors liable to retire by rotation, for consideration of the Members.

### Declaration by Independent Directors

The Independent Directors have submitted their declaration to the Board that they fulfill all the requirements of independence so as to qualify as an Independent Director under Section 149(6) of the Companies Act, 2013 and Regulation 25 of Listing Regulations.

### Meetings of the Board

The Board of Directors of the Company had met four times during the year on May 24, 2019, August 13, 2019, November 12, 2019 and February 12, 2020.

### 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 Programme and Performance Evaluation

Details of the Familiarization Programme 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 Listing Regulations. The terms of reference are in compliance with the provisions of the Law.

The Chairman of the Committee is Mrs. Girija Bhan, Independent Director as on March 31, 2020 and the Committee consists of three Independent Directors, and one Non-Executive Director. The Board has accepted all the recommendation 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

Mrs. Girija Bhan <sup>1</sup>	Chairperson and Independent Director
Mrs. Lalitha Raghuram	Member and Independent Director
Mr. Uday Shankar Jha <sup>2</sup>	Member
Mr. Rajendra Mohan Gonela <sup>3</sup>	Member

1 Inducted as a member with effect from November 11, 2019

2 Inducted as a member with effect from June 20, 2019

3 Inducted as a member with effect from May 28, 2020

#### 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:

Mrs. Lalitha Raghuram	Chairperson and Independent Director
Mr. Uday Shankar Jha <sup>1</sup>	Member and Non-executive Director
Ms. Girija Bhan <sup>2</sup>	Member and Independent Director
Mr. V V S Ravindra <sup>3</sup>	Member and Nominee Director

1 Inducted as a member with effect from September 30, 2020

2 Inducted as a member with effect from November 11, 2019

3 Ceased to be a member with effect from August 31, 2020

#### 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:

Mrs. Lalitha Raghuram	Chairperson and Independent Director
Mr. V V S Ravindra <sup>1</sup>	Member and Nominee Director
Mrs. Girija Bhan <sup>2</sup>	Member and Independent Director
Mr. Uday Shankar Jha <sup>3</sup>	Member and Non-executive Director

1 Ceased to be a member with effect from August 31, 2020

2 Inducted as a member with effect from November 11, 2019

3 Inducted as a member with effect from September 30, 2020

#### 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:

Mrs. Lalitha Raghuram	Chairperson and Independent Director
Mr. K Rahul Raju	Member and Executive Director
Mr. V V S Ravindra <sup>1</sup>	Member and Nominee Director
Mr. Uday Shankar Jha <sup>2</sup>	Member and Non-executive Director

1 Ceased to be a member with effect from August 31, 2020

2 Inducted as a member with effect from September 30, 2020

#### E. 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

Even though, Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. is not applicable to the Company, the Board of Directors of the Company, as a Good Governance practice, constituted a Risk Management Committee of the Board 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.

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

As per the 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 under the purview of Chief Risk Officer 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 1, 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, 2020.

The Nomination and Remuneration Committee at their meeting held on August 14, 2020, had approved the criteria for evaluation of the Board and its Committees and Individual Directors.

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 the meeting held on September 30, 2020.

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 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 / 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. Web link for the same is [www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

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

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.

The Annual report of CSR signed by the Managing Director and Chairman of CSR Committee appears as Annexure –III to this report.

#### **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.

#### **Business Responsibility Report**

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 Business Responsibility Report forms part of this Report as Annexure IV, which describes the initiatives taken by the Company from an environmental, social and governance perspective

#### **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 39). 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://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

All the related party transactions entered during the year were in Ordinary Course of the Business and on Arm's Length business. Particulars of Contracts or Arrangements with Related parties appears as Annexure V to this report.

#### **Particulars of loans, guarantees or investments**

Particulars of loans, guarantees and investments under Section 186 of the Act as at the end of the Financial Year 2019-20 are provided in the Notes forming part of the financial statements for the year ended March 31, 2020 (refer Note No. 48).

### **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-IV to this Report.

### **Extract of Annual Return**

The extract of the annual return in Form MGT-9 appears as Annexure VII to this report.

### **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 relating to Meetings of the Board and its Committees and the General Meetings, which have mandatory application during the year under review.

### **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 2019-20 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 work flow 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.

The Auditors, in their Report of Internal Financial Controls (Annexure A to the Independent Auditors' report) have opined that the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at March 31, 2020, 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.

### **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 there under.

### **Registrar and Share Transfer Agents**

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

### **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, such accounts and records are made and maintained by the Company for the year ended March 31, 2020.

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

During the period under review, 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.

## **F. AUDITORS AND AUDIT REPORT**

### **Statutory Auditors**

The Members of the Company at the 13th Annual General Meeting held on December 24, 2019, reappointed M/s. M Bhaskara Rao & Co., Chartered Accountants (Firm Registration No-000459S), Hyderabad, Statutory Auditors of the Company for a second term of three years to hold office from the conclusion of 13th Annual General Meeting till the conclusion of the 15th Annual General Meeting.

### **Auditors Report**

The Statutory Auditors' of the Company have invited attention to emphasis on the matter in relation to:

- a) Accounting of interest and penal interest on the overdue borrowings, pending confirmation and acceptance by the lenders.
- b) Recognizing Income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, and for production beyond

reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III, pending notification of final prices under New Urea Policy 2015 and consequential adjustments, if any that may arise.

c) Arbitration awards passed against the Company for USD 15,275,688, GBP 6,90,630, EURO 4,55,000 aggregating to Rs.15,641.51 Lakhs (31.03.2019: Rs.14,188.03 Lakhs), approximately and Rs. 221.39 Lakhs.

#### 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 16.5 of Notes forming part of the standalone financial statements for the year ended March 31, 2020 are self-explanatory and do not call for any further comments
- b) Emphasis of Matter given in Note (c) of the Auditor's Report on standalone financial statements read with Note 38.1.1 of Notes forming part of the standalone financial statements for the year ended March 31, 2020 are self-explanatory and do not call for any further comments.
- c) Emphasis of Matter given in Note (b) of the Auditor's Report on standalone financial statements read with Note 25.1 of Notes forming part of the standalone financial statements for the year ended March 31, 2020 are self-explanatory and do not call for any further comments.

#### Cost Auditor & Cost Audit Report

Pursuant to Section 148 of the Companies Act, 2013 and the Rules made there under the Central Government has directed that the cost accounts maintained by the Company be audited by a Cost Auditor.

The Board of Directors, on the recommendation of the Audit Committee, at their meeting held on August 14, 2020, appointed M/s. Sagar & 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 2020-21.

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.

M/s. Sagar & Associates, Cost Auditors have issued cost audit report for Financial Year 2019-20 which does not contain any qualification, reservation or adverse remark.

#### Secretarial Auditor & Secretarial Audit Report

The Board of Directors at their meeting held on August 14, 2020 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 2020-21.

The Secretarial Audit Report for the Financial Year 2019-20 appears as **Annexure - VIII** to this Report, which is self-explanatory.

#### Internal Audit

The Company has well established system of Internal Audit which carries out audit on Risk Management 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: 2000) certificate in December 2006 and the same has been confirmed.

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 IX 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://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

#### 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, 2020.

#### G. 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 Directors had laid down internal financial controls to be followed by the Company 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 and that 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

Hyderabad  
November 30, 2020

**Annexure to Directors' 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, 2019 to March 31, 2020
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	(466.98)
Total assets	1828.83
Total Liabilities	1828.83
Investments	0
Turnover	0
Profit/(Loss) before taxation	(0.34)
Provision for taxation	0
Profit after taxation	(0.34)
Proposed Dividend	0
% of shareholding	99.84%

**Part “B”: Associates and Joint Ventures****Rs. In lakh**

Name of the Associate / Joint Venture	Nagarjuna Agricultural Research and Development Institute Private Limited	KVK Raju International Leadership Limited
1. Latest Audited Balance Sheet Date	March 31, 2020	March 31, 2020
2. Shares of Associate /Joint Ventures held by the Company at the year end		
i) Number	25,020	1,50,000
ii) Amount of Investment in Associates / Joint Venture	2.50	15.00
iii) Extent of Holding %	25%	42.85%
3. Description of how there is significant influence	By virtue of shareholding	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 the net worth is negative	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	Considered as zero since net worth is negative
6. Profit / Loss for the year		
i) Considered in Consolidation	-	-
ii) Not Considered in Consolidation(refer point no.4 above)	0.00	0.00

By Order of the Board

Hyderabad  
August 14, 2020

**Uday Shankar Jha**  
Chairman

**ANNEXURE - 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- 2019-20**

S.No.	Name of the Director	Median Remuneration (Rs.)	Directors Remuneration (Rs.)	Median Remuneration in %
1.	Mr. K Rahul Raju	4,58,029	69,44,691	15.16

**b) The Percentage increase in remuneration of Director, Chief Executive Officer, Manager, Chief Financial Officer, Company Secretary in the Financial Year- 2019-20**

S.No.	Name	Designation	2018-19 (Rs.)	2019-20 (Rs.)	Percentage Increase of salary
1.	Mr. K Rahul Raju	Managing Director	6946272	6944691	-0.02
2.	Mr. H Muralidhar*	Chief Financial Officer	5163280	5149005	-0.28
3.	Mr. K Chandra Sekhar Naidu**	Company Secretary	2182519	844385	-61.31
4.	Mr, M Vijaya Bhasker***	Company Secretary	-	6,61,079	-

\* Mr. H Muralidhar, Chief Financial Officer, relieved from the service with effect from November 01, 2019.

\*\* Mr. K Chandra Sekhar Naidu, Company Secretary relieved from the service with effect from July 01, 2019.

\*\*\* Mr. M Vijaya Bhasker, appointed as Company Secretary with effect from November 29, 2020

**c) The percentage increase / (decrease) in the median remuneration of employees in the Financial Year 2019-20**

Particulars	2018-19 (Rs.)	2019-20 (Rs.)	Percentage Increase of salary
Median Salary	4,79,350	4,58,029	-4.65%

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

Particulars	2018-19	2019-20
No. of Employees	1,396	1060

**e) Average percentile 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 0.33% including Managerial personnel except directors.****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	6944691	Refer Note 1	B.Com (Hons)	22	01-08-11	43	JMD, Nagarjuna Fertilizers and Chemicals Ltd.,(Merged)	Nil	-
2	Mr. Sudhir Bhansali	Executive Director	10621655	Refer Note 1*	B.Com, ACS, ACA	39	13-05-08 @	62	President & CFO, Andhra Pradesh Paper Mills Ltd.,	Nil	-
3	Mr. R M Deshpande	Exec Director & Head operations	9038434	Refer Note 1 *	M.Com, LLB	48	03-04-07 @	72	Advisor to MD, GSFC	Nil	-
4	Mr. R Raghavan	Senior Vice President- Urea Manufacturing	8267587	Refer Note 1	B. Tech, BOE	38	01-04-99	60	Day Co-Ordination Urea Plant, SAFCO - SABIC Group.	Nil	-
5	Mr.Gollapudi Sai Srinivasa Rao	Vice President - Legal	8026938	Refer Note 1	LLM	25	17-04-17	52	Vice President - Reliance Communications Ltd	Nil	-
6	Mr. G V Jagadeesh Kumar	Asst. Vice President -Busi.str.& Corp PL	7356576	Refer Note 1	M Tech, M B A	21	9-23-2009	44	Reliance Industries Ltd	Nil	-
7	Mr. A Nasara Reddy	Sr. Vice President	5795073	Refer Note 1	M B A - Marketing	36	12-10-1987	60	Marketing Representative, E.I.D. Parry(I) Ltd	Nil	-
8	Mr. K S Gunasekar	DGM - Process Engg.	5471119	Refer Note 1	B. Tech (Chemical)	23	10-4-2004	44	Manager, SPIC	Nil	-
9	Mr. G V S Anand	Sr. G.M - Operations	5452064	Refer Note 1	M.E (Chemical)	33	6-4-2010	56	Sr. Engineer, Saudi Arabia International Chemicals Ltd.,	Nil	-
10	**Mr. H. Muralidhar	Chief Financial Officer	5149005	Refer Note 1	CA	27	19-01-17	55	CFO - MIRA Management Services Pvt. Ltd	Nil	-

All the above mentioned appointments are non-contractual except marked '\*\*' and are terminable by notice on either side.

@ - Continue employment from Erstwhile NFCL

\*\*CFO Upto 31.10.2019

Shri R. Raghavan & Shri A. Nasara Reddy (Fixed Term Engagement) - Date of Joining as regular employee is considered for Date of commencement.



## ANNEXURE - III

### Annual Report on CSR activities

(Pursuant to Section 135 of Companies Act, 2013)

#### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken is mentioned below;

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.

The Nagarjuna Group with the support of Nagarjuna Foundation, a not-for-profit Company incorporated under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), with Registered Office at Nagarjuna Hills, Punjagutta, Hyderabad, Nagarjuna Education Trust and Nagarjuna Agricultural Research and Development Institute, undertakes various activities under Corporate Social Responsibility.

#### 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. Web Link:

The Web-link to the CSR policy and projects or programs is [http://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)

#### 3. CSR Committee

The CSR Committee comprises of the following Directors:

Mrs. LalithaRaghuram	Chairman and Independent Director
Mr. K Rahul Raju	Member and Executive Director
Mr. V V S Ravindra <sup>1</sup>	Member and Nominee Director
Mr. Uday Shankar Jha <sup>2</sup>	Member and Non-executive Director

1 Ceased with effect from August 31, 2020.

2 Inducted with effect from September 30, 2020.

#### 4. Financial Details

- a) The Average net loss of the Company as per Section 135 of the Companies Act, 2013 for the last three Financial Years i.e. 2017-18, 2018-19 and 2019-20 is Rs. 33,617.39 lacs.
- b) The prescribed CSR Expenditure for the financial year 2019-20 (two per cent, of the amount as in item (a) above) is Nil.
- c) Further, the Company is continuously supporting CSR activities with:
  1. Nagarjuna Education Trust, established in 1990, runs a school under the name of "Akshara School" also catering to the children of the employees of the Company on the land it has leased from NFCL. admeasuring 35 acres to provide better primary, secondary and higher education, sports facilities and other initiatives for the benefit of the community at large in and around Kakinada; and
  2. Nagarjuna Agricultural Research and Development Institute established in 1995 which supports agricultural research and farmer training under lease of agricultural land situated at Wargal, admeasuring 97.14 acres from the Company.

#### 5. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and Policy of the Company:

We, the members of the Corporate Social Responsibility Committee of the Board of Directors of Nagarjuna Fertilizers and Chemicals Limited confirm and affirm that in accordance with Section 135 of the Companies Act, 2013 and applicable Rules, we complied with the following :

- 1) Formulated and recommend to the Board a CSR Policy in line with the activities mentioned in Schedule VII of the Companies Act, 2013.
- 2) Recommended the amount of expenditure to be incurred.
- 3) Instituted a transparent monitoring mechanism for the implementation of the Policy from time to time.

Hyderabad  
November 27, 2020

**K Rahul Raju**  
Managing Director

**Lalitha Raghuram**  
Chairperson  
CSR Committee

**ANNEXURE - IV****BUSINESS RESPONSIBILITY REPORT 2019-20****SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1	Corporate Identification Number	L24129TG2006PLC076238
2	Name of the Company	Nagarjuna Fertilizers and Chemicals Limited
3	Registered Address	D. No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082, Telangana, India
4	Website	www.nagarjunafertilizers.com
5	E-mail id	investors@nagarjunagroup.com
6	Financial Year reported	1 April 2019 - 31 March 2020
7	Sector(s) that the Company is engaged in	C6, E1
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	1) Manufactured Urea 2) Specialty Fertilizers 3) Customized Fertilizers
9	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations	NA
	b. Number of National Locations	15 locations across India
10	Markets served by the Company	India

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1	Paid up Capital (INR in Lakhs)	59,80.65
2	Total Turnover (INR in Lakhs)	1,70,451.43
3	Total profit/Loss after taxes (INR in Lakhs)	(47,235.05)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Not Applicable
5	List of activities in which expenditure in 4 above has been incurred:-	
	a. Health Care	
	b) Social Welfare	
	c) Education	
	d) Environmental Sustainability	

**SECTION C: OTHER DETAILS**

1	Does the Company have any Subsidiary Company/ Companies?	Jaiprakash Engineering And Steel Company Limited
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	No

**SECTION D: BR INFORMATION**

## 1. Details of Director/Directors responsible for BR

## a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 00015990

2. Name: K. Rahul Raju

3. Designation: Managing Director

## b) Details of the BR head:

No.	Particulars	Details
1.	DIN Number	00015990
2.	Name	K. Rahul Raju
3.	Designation	Managing Director
4.	Telephone number	040-23357200
5.	e-mail id	rahul@nagarjunagroup.com

## 2. Principle-wise (as per NVGs) BR Policy/policies

**Principles as per NV1G:**

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3	Businesses should promote the wellbeing of all employees
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect, protect and make efforts to restore the Environment
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	Businesses should support inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

## (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, they are in line with National Voluntary Guidelines (NVG) on Social, environmental and economic principles.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by Managing Director / owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.nagarjunafertilizers.com/inv_corp.htm">www.nagarjunafertilizers.com/inv_corp.htm</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies.	Y								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y								

## b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles	NA								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

**3. Governance related to BR**

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Company publishes a BR.

An electronic version of the same is uploaded on the website of the Company <http://www.nagarjunafertilizers.com>.

usage.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The products mentioned in Sl.No.1 above improves the productivity of crop by enriching the soil nutrients and plant growth conditions

- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

- 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes: Most of the products are purchased from MSME'S (who practice sustainable production methods).

- 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. Company took steps to procure goods and services from local & small producers, including communities surrounding Kakinada. The major step is Sourcing Urea Bags (Package material) from local Suppliers. Similarly chemicals etc are being sourced from nearby local industries.

The Company as part of Responsible Care management is extending necessary support to the Chemical suppliers for safe transit of material to plant site.

- 5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

NFCL has been built using best available technology and many eco-friendly measures have been adopted in design stage itself. The Company has been built on the concept of "Zero Liquid Effluent Discharge outside the Complex" and the entire liquid effluent generated is being used for sustenance of vast Greenbelt (789 acres) surrounding the plant. NFCL adopted best Ammonia-Urea Process, presently operating on Natural Gas Feedstock (The cleanest feedstock available) and in the manufacturing process no waste product is generated. The tail gas and off gas generated in the process are used as fuel in Reformer / Auxiliary Boilers. The spilled Urea / damaged Urea bags are being recovered and reprocessed. The Hazardous waste (such as Spent Catalyst, Spent Carbon, Used Batteries, e-waste, spent oil etc) are being disposed to APPCB Authorized vendors. Similarly there is well placed procedure / mechanism for segregation of e-waste and

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company considers Corporate Governance as an integral part of good management. The Company has a Code Conduct and Ethics for Senior Management that has been approved by the Board of Directors. These are applicable to all Board Members and Senior Management of the Company and an annual affirmation is taken from the designated employees. The policy also extends to suppliers, contractors, etc, while dealing with company. The Code is available on the Company's website at <http://www.nagarjunafertilizers.com>.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Stakeholders Complaints		
No of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
1	1	0

**Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Below are the products whose design has incorporated social opportunities / benefits

- a. Customized Fertilizers (CF)– Specific to Crop, Stage and to Region based on soil condition and fertility levels
- b. Neem Coated Urea-Product with Nitrogen Use efficiency.
- c. Specialty Fertilizers-These products are used in Micro irrigation equipment/drips there ensuring targeted application of nutrients with very low water



proper disposal of the same.

**Principle 3 - Businesses should promote the well-being of all employees.**

1	Please indicate the Total number of employees.	1096
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	Outsourced: 633
3	Please indicate the Number of permanent women employees.	30
4	Please indicate the Number of permanent employees with disabilities	0
5	Do you have an employee association that is recognized by management.	Yes
6	What percentage of your permanent employees is members of this recognized employee association?	121 members

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- a. Permanent Employees
- b. Permanent Women Employees
- c. Casual/Temporary/Contractual Employees
- d. Employees with Disabilities

S. No	Description	Total Strength	No. of employees undergone Safety & Skill Up-gradation during 2019-20	% of employees undergone Safety & Skill Up-gradation during 2019-20
a	Permanent Employees	1060	280	25.5%
b	Permanent Women Employees	30	4	13.3%
c	Casual/Temporary/Contractual Employees	633	445	70.3%
d	Employees with Disabilities	0	0	0

**Principle 4 - Businesses should respect the interests**

**of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

- Has the Company mapped its internal and external stakeholders?  
Yes
- Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.  
Yes
- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders.  
Yes. Company has identified stakeholders who could be vulnerable and marginalized viz., society at large, employees including women employees, vendors, etc., Special initiatives have been taken by the Company to engage with the said stakeholders through set up of unique mechanisms.

CSR initiatives, Whistleblower mechanism, Prevention of sexual harassment at work place, vendor grievances redressal mechanism are a few of them.

**Principle 5 - Businesses should respect and promote human rights**

- Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?  
The Policy on Human Rights covers the Company and its interface with suppliers, contractors, etc., wherever possible.
- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
The Company has not received any stakeholder complaint during the previous financial year.

**Principle 6 - Businesses should respect, protect and make efforts to restore the environment.**

- Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.  
The Policy covers the Company and its interface with suppliers, contractors, etc., wherever possible.
- Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?  
Yes. The Policies of the Company have strategic initiatives on Health, Safety & Environment, Bio diversity etc. the policies can be accessed on the website of the company at: [http://www.nagarjunafertilizers.com/inv\\_corp.htm](http://www.nagarjunafertilizers.com/inv_corp.htm)
- Does the Company identify and assess potential environmental risks?  
Yes, the Company has a mechanism to identify and assess potential environmental risks at plant level as well as corporate level. Potential Environmental risks also form a part of Business Risk Management Model, where all business related risks are identified and their

mitigation strategies and plans are worked upon.

4. Does the Company have any project related to Clean Development Mechanism? Also, if Yes, whether any environmental compliance report is filed?  
No
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.  
The Company has implemented many Eco-friendly measures in design stage itself. In the year 2009, with the availability of additional Natural Gas in the KG Basin the company switched its entire operations to Natural Gas feedstock and phased out the use of liquid fuels such as Naphtha and LSHS. Also, during the year 2009, the company Installed Carbon Dioxide Recovery Unit, which recovers 450 MTPD CO<sub>2</sub> from Flue Gases. As part of continual improvement, to reduce the Complex Energy further, various Energy efficiency schemes are being studied for implementation.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?  
Yes. All the Emissions/Waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year being reported.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.  
No show cause notice/legal notice from CPCB/APPCB is pending as on date.

**Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade and chamber or association?
  1. Fertilizer Association of India (FAI)
  2. The Federation of Telangana Chamber of Commerce and Industry (FTCCI)
  3. Godavari EHS Association
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?  
The Company has sought the support of the various associations to address issues that impact the Company and the Industry.  
  
The Company has sought the associations to address issues that impact the Company and the Industry and farmers.  
  
The Company through FAI has raised issues with Government particularly in areas related to “Inclusive growth of Industry.  
  
Similarly through Godavari EHS Association working with District Administration very closely and working for improvement of EHS among the association industries.

**Principle 8 - Businesses should support inclusive growth and equitable development**

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has always focused on the Guidelines of the Corporate Social Responsibility (CSR) Charter framed by the Company and operated within the Charter.

The Company has identified the below mentioned stakeholders and has supported them in a structured and sustainable manner:

- (a) the community at large
- (b) the environment
- (c) investors
- (d) regulators
- (e) customers
- (f) suppliers
- (g) employees

S. No	Focus Area	Broad Head as per Schedule VII
1	Social Welfare	Eradicating hunger, poverty and malnutrition and making available safe drinking water
2	Health Care	Preventive health care and sanitation
3	Health Care	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

With other organizations:  
Nagarjuna Education Trust, established in 1990, runs a school under the name of “Akshara School” also catering to the children of the employees of the Company on the land it has leased from NFCL. admeasuring 35 acres to provide better primary, secondary and higher education, sports facilities and other initiatives for the benefit of the community at large in and around Kakinada; and

Nagarjuna Agricultural Research and Development Institute established in 1995 which supports agricultural research and farmer training under lease of agricultural land situated at Wargal, admeasuring 97.14 acres from the Company.

3. Have you done any impact assessment of your initiative?

The initiatives of the Company also supports the children of the employees of the Company to provide better primary, secondary and higher education, sports facilities and other initiatives for the benefit of the community at large in and around Kakinada.

Further, it supports agriculture research and farmer training

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company is continuously making losses since the last few years and is not required to contribute towards Corporate Social Responsibility activities for the year ended March 31, 2020, but is undertaking the same to maintain the Corporate Social Responsibility activities already commenced and the need to sustain the same.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

All initiatives undertaken by the Company are successfully completed and constantly monitored.

The projects are monitored on a quarterly basis. Further the feedback from the inmates as to the support received by them from the Company is an indicator of the improvement.

**Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There are 4 minor customer cases pending at the end of the Financial Year, two each for Urea and CF

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

YES. The company in addition to product information as per the local laws, provides additional information for the benefit of the consumers.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

The Company carries out survey of farmers, take their feedback and address their concerns as a continuous processes. Accordingly there are no cases filed by any Stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior, during the last five years.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

YES we carry out survey of farmers, take their feedback and address their concerns.

## ANNEXURE - V

### 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

**By Order of the Board**

Hyderabad  
August 14, 2020

**Uday Shankar Jha**  
Chairman

## ANNEXURE - VI

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### (A) CONSERVATION OF ENERGY:

Due to inadequate availability of Fund Based and Non-Fund based working capital facility from Banks, Unit-II was under shutdown till 8th Oct, 2019 and Unit- I shutdown since 8th October 2019. Hence, no major energy saving schemes was taken up.

#### (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) Local development of tools for dripper and pipe bonding on superline machine.
- (ii) Automation of HDPE couplers welding at Nacharam plant.
- (iii) Introduced indigenously produced 4 LPH flat drippers.
- (iv) Introduced granulators for effective use of process scrap.
- (v) Developed and produced in house HDPE couplers upto 90 mm.
- (vi) Up-gradation of pressure sizer of PVC-01 for enhanced quality and yield.
- (vii) Developed pipe take off unit

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

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

Due to inadequate availability of Fund Based and Non-Fund based working capital facility from Banks, Unit- II was under shutdown till 8th Oct 2019 and Unit-I was under shutdown condition since 8th Oct 2019.

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

- (i) Reduction in import parts.
- (ii) Enhanced capacity utilization and yield.
- (iii) Reduced import of 4 LPH drippers.
- (iv) Optimum utilization of in house generated scrap

#### Expansion / Developments:

- (i) Developed Friction welding machine in house at Nacharam plant
- (ii) Usage of molded fittings has given reduction in time and manpower.
- (iii) Mold for 63 mm multi cavity male and female HDPE couplers for Nacharam plant is ready.
- (iv) Hot air dryers introduced for moisture removal and optimum usage of reprocessed scrap.

#### 3) Future Plan of Action

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

The following action plan has been made to improve Production, Plant Reliability, Specific Energy Consumption & in EHS areas as mentioned below:

- (i) Ammonia-I Backend Boiler (E-501) Replacement
- (ii) Ammonia-I Combustion Air Pre-heater (E-204) replacement
- (iii) Ammonia-I Process air compressor First inter stage cooler replacement
- (iv) Ammonia-II Front-end Boiler (EE-208) replacement
- (v) Ammonia-II Synthesis Converter Basket replacement
- (vi) HT Shift catalyst Replacement in Ammonia-II
- (vii) Upgradation of Ammonia-I PAC and Ammonia-II ARC turbo-log speed/ anti-surge control system.
- (viii) Fine Filters in HP NG Network in both Ammonia Plants
- (ix) Upgradation of GT - C, Mark V Control System to Mark VI-E System
- (x) Upgradation of Unit-I DCS/ESD systems
- (xi) Compressor Rotor for GT-C & Stator blades and related hardware.

##### Energy Reduction Study:

- Technical & Commercial discussions with vendors completed.
- Order will be placed for Energy saving schemes after Financial Closure. Major schemes are turbines up gradation (For Syn gas turbine of Ammonia plant-I & CO<sub>2</sub> Turbines of both urea plants) and implementation of Ammonia wash in both Ammonia Plants.

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

- I. Indigenization of drippers.
- II. Manufacture of Cylindrical Drippers at Nacharam and Halol Plants.

#### 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 imported spare parts carried out to reduce the dependency on imported parts and optimize the cost.
- (ii). Introduced molded fittings in place of fabricated fittings to improve quality and productivity.



**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) Import cost and spares inventory carrying cost reduced by indigenization of spares by developing local vendors.
- (ii) Improved quality reduced labor cost and enhanced productivity by replacing fabricated fittings with molded fittings.
- (iii) Consumed 100% process scrap within BIS norms in non-prime products.
- (iv) Continuously reduced the input costs by optimizing the processes.
- (v) Improved the efficiency of production lines.
- (vi) Warranty claims have been reduced by improving quality of products.

**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) Production facility at MI and PVC Plants: NIL**

**RESEARCH AND DEVELOPMENT (R & D):**

Research and Development Division has been closed on 31st March, 2019. During the year 2018-19, an expenditure of Rs.1421.34 lakh was incurred towards Research and Development during the financial year 2018-19. The details are provided in the Notes forming part of the financial statements for the year ended March 31, 2019 (refer Note No. 36).

**(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

<b>Foreign Exchange Outgo:</b>	<b>Rs. in lacs</b>
i. Technical know-how (net of Tax)	-
ii. Interest	-
iii. Dividend (net of taxes)	-
a) Equity	-
b) Preference	-
iv. Others	-
Professional & Consultancy	63.85
Travel and Conveyance	-
Others	-
<b>Foreign Exchange earnings</b>	<b>742.38</b>

**ANNEXURE - VII**  
**EXTRACT OF ANNUAL RETURN**  
**MGT-9**

As on the Financial Year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I REGISTRATION AND OTHER DETAILS</b>	
CIN	L24129AP2006PLC076238
Registration Date	November 7, 2006
Name of the Company	Nagarjuna Fertilizers and Chemicals Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	D. No 8-2-248, Nagarjuna Hills, Punjagutta Hyderabad – 500082 Ph No.(040) 23355317 Fax (040) 23350247 Email:chandrasedkhar@nagarjunagroup.com
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Nagarjuna Fertilizers and Chemicals Limited, Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082 Telangana, India Tel: (040) 23358405 Email: Investors@nagarjunagroup.com

<b>II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
There are business activities contributing 10% or more of the total turnover of the Company - manufacture and sale of urea.			
Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Urea	20121	93.84

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of Companies Act, 2013
1	Jaiprakash Engineering and Steel Company Limited (JESCO)	U00337KA1993 PLC014694	Subsidiary	99.84	2(87)
2	Nagarjuna Agricultural Research and Development Institute Private Limited (NARDI)	U80100TG1995N PL022409	Associate	25	2(6)
3	KVK Raju International Leadership Academy Limited	U80101TG1995N PL022410	Associate	42.85	2(6)

#### IV. SHAREHOLDING PATTERN

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	21427989		21427989	3.58	21427989		21427989	3.58	0.00
d) Bodies Corp.	296072140		296072140	49.51	296072140		296072140	49.51	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other .... (Trust)	-	-	-	-	-	-	-	-	-
(Co-op Society)	11000000		11000000	1.84	11000000		11000000	1.84	0.00
<b>Sub-total (A) (1):-</b>	<b>328500129</b>		<b>328500129</b>	<b>54.93</b>	<b>328500129</b>		<b>328500129</b>	<b>54.93</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	4400000		4400000	0.74	4400000		4400000	0.74	0.00
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other .... NRI based company	8800000	-	8800000	1.47	8800000	-	8800000	1.47	0.00
<b>Sub-total (A) (2):-</b>	<b>13200000</b>		<b>13200000</b>	<b>2.21</b>	<b>13200000</b>		<b>13200000</b>	<b>2.21</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>341700129</b>		<b>341700129</b>	<b>57.13</b>	<b>341700129</b>		<b>341700129</b>	<b>57.13</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	990	232925	233915	0.04	990	3740	4730	0.00	-0.04
b) Banks / FI	789674	62013	851687	0.14	11003	10780	21783	0.00	-0.14
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	5517610	110	5517720	0.92	5178350	110	5178450	0.87	-0.05
g) FIs	3338628	33275	3371903	0.56	301729	660	302389	0.05	-0.51
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):-</b>	<b>9646902</b>	<b>328323</b>	<b>9975225</b>	<b>1.67</b>	<b>5743817</b>	<b>15290</b>	<b>5759107</b>	<b>0.96</b>	<b>-0.71</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	55328554	359317	55687871	9.31	75245570	196757	75442327	12.61	3.33
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	125383770	39221866	164605636	27.52	122667526	20175287	142842813	23.88	-3.64
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	13392115	-	13392115	2.24	19858768	-	19858768	3.32	1.08
c) Others (specify) NRI	6218243	941126	7159369	1.20	5851557	685681	6537238	1.09	-0.11
Foreign National	500	0	500	0.00	1072	0	1072	0.00	0.00
Trusts	48930	131202	180132	0.03	46310	102822	149132	0.02	-0.01
HUF	5363850	176	5364026	0.90	5774241	176	5774417	0.97	0.07
<b>Sub-total (B)(2):-</b>	<b>205735962</b>	<b>40653687</b>	<b>246389649</b>	<b>41.20</b>	<b>229445044</b>	<b>21160723</b>	<b>250605767</b>	<b>41.90</b>	<b>0.07</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>215382864</b>	<b>40982010</b>	<b>256364874</b>	<b>42.87</b>	<b>235188861</b>	<b>21176013</b>	<b>256364874</b>	<b>42.87</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>557082993</b>	<b>40982010</b>	<b>598065003</b>	<b>100.00</b>	<b>576888990</b>	<b>21176013</b>	<b>598065003</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. 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	43.74	296072140	49.51	43.74	0.00
	<b>Co-Promoter</b>							
1	Governor of Andhra Pradesh	21427989	3.58	-	21427989	3.58	-	0.00
2	KRIBHCO	11000000	1.84	-	11000000	1.84	-	0.00
3	Fireseed Limited	8800000	1.47	-	8800000	1.47	-	0.00
4	Saipem SPA	4400000	0.74	-	4400000	0.74	-	0.00
	<b>TOTAL</b>	<b>341700129</b>	<b>57.13</b>	<b>43.74</b>	<b>341700129</b>	<b>57.13</b>	<b>43.74</b>	<b>0.00</b>

**(iii) Change in Promoters' Shareholding**

Sl. No	Share holders Name	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	<b>At the beginning of the year</b>				
	<b>Core Promoter</b>				
1	Amlika Mercantile Private Limited	296072140	49.51	296072140	49.51
	<b>Co-Pomoters</b>				
1	Governor of Andhra Pradesh	21427989	3.58	21427989	3.58
2	KRIBHCO	11000000	1.84	11000000	1.84
3	Fireseed Limited	8800000	1.47	8800000	1.47
4	Saipem SPA	4400000	0.74	4400000	0.74
	<b>At the End of the year</b>				
	<b>Core Promoter</b>				
1	Amlika Mercantile Private Limited	296072140	49.51	296072140	49.51
	<b>Co-Pomoters</b>				
1	Governor of Andhra Pradesh	21427989	3.58	21427989	3.58
2	KRIBHCO	11000000	1.84	11000000	1.84
3	Fireseed Limited	8800000	1.47	8800000	1.47
4	Saipem SPA	4400000	0.74	4400000	0.74



**(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	<b>At the beginning of the year</b>				
1	Zuari Agro Chemicals Limited.	32267741	5.40%	32267741	5.40%
2	Life Insurance Corporation of India	5085053	0.85%	5085053	0.85%
3	Finquest Securities Pvt Ltd-Client Benef A/C F	3695085	0.62%	3695085	0.62%
	Bought 50000 shares between 01.04.2019 and 05.04.2019			3745085	0.63%
	Bought 50000 shares between 08.04.2019 and 12.04.2019			3795085	0.63%
	Bought 5200 shares between 15.04.2019 and 19.04.2019			3800285	0.64%
	Bought 175526 shares between 27.05.2019 and 31.05.2019			3975811	0.66%
	Bought 80692 shares between 03.06.2019 and 07.06.2019			4056503	0.68%
4	Lok Prakashan Limited	2684862	0.45%	2684862	0.45%
5	Blue Diamond Properties Private Limited	1320000	0.22%	1320000	0.22%
6	Polaris Banyan Holding private Limited.	1133572	0.19%	1133572	0.19%
7	Dimensional Emerging Markets Value Fund	1076978	0.18%	1076978	0.18%
	Sold 368675 shares between 01.04.2019 and 05.04.2019			708303	0.12%
	Sold 108394 shares between 08.04.2019 and 12.04.2019			599909	0.10%
	Sold 2173 shares between 29.04.2019 and 03.05.2019			597736	0.10%
	Sold 101153 shares between 20.05.2019 and 24.05.2019			496583	0.08%
	Sold 36019 shares between 24.06.2019 and 28.06.2019			460564	0.08%
	Sold 118524 shares between 01.07.2019 and 05.07.2019			342040	0.06%
	Sold 138619 shares between 02.09.2019 and 06.09.2019			203421	0.03%
	Sold 92060 shares between 09.09.2019 and 13.09.2019			111361	0.02%
	Sold 111361 shares between 21.10.2019 and 25.10.2019			0	0.00%
8	Karvy Stock Broking Limited(BSE)	810000	0.14%	810000	0.14%
	Sold 510000 shares between 06.05.2019 and 10.05.2019			300000	0.05%
	Bought 400000 shares between 26.08.2019 and 30.08.2019			700000	0.12%
	Sold 300000 shares between 14.10.2019 and 18.10.2019			400000	0.07%
	Sold 400000 shares between 28.10.2019 and 01.11.2019			0	0.00%
9	Axis Bank Limited.	755530	0.13%	755530	0.13%
	Bought 283489 shares between 01.04.2019 and 05.04.2019			1039019	0.17%
	Sold 20961 shares between 08.04.2019 and 12.04.2019			1018058	0.17%
	Sold 2049 shares between 15.04.2019 and 19.04.2019			1016009	0.17%
	Sold 500 shares between 22.04.2019 and 26.04.2019			1015509	0.17%
	Sold 67676 shares between 29.04.2019 and 03.05.2019			947833	0.16%
	Sold 54095 shares between 06.05.2019 and 10.05.2019			893738	0.15%
	Sold 2851 shares between 13.05.2019 and 17.05.2019			890887	0.15%
	Bought 8604 shares between 20.05.2019 and 24.05.2019			899491	0.15%
	Bought 88521 shares between 27.05.2019 and 31.05.2019			988012	0.17%
	Bought 46107 shares between 03.06.2019 and 07.06.2019			1034119	0.17%
	Sold 40271 shares between 10.06.2019 and 14.06.2019			993848	0.17%
	Sold 727 shares between 17.06.2019 and 21.06.2019			993121	0.17%
	Bought 22458 shares between 24.06.2019 and 28.06.2019			1015579	0.17%
	Bought 12482 shares between 01.07.2019 and 05.07.2019			1028061	0.17%
	Sold 14896 shares between 15.07.2019 and 19.07.2019			1013165	0.17%
	Sold 39016 shares between 22.07.2019 and 26.07.2019			974149	0.16%
	Sold 396578 shares between 29.07.2019 and 02.08.2019			577571	0.10%
	Sold 4425 shares between 05.08.2019 and 09.08.2019			573146	0.10%
	Sold 8390 shares between 26.08.2019 and 30.08.2019			564756	0.09%
	Sold 15457 shares between 09.09.2019 and 13.09.2019			549299	0.09%
	Sold 503 shares between 16.09.2019 and 20.09.2019			548796	0.09%
	Sold 400 shares between 23.09.2019 and 30.09.2019			548396	0.09%
	Sold 14226 shares between 07.10.2019 and 11.10.2019			534170	0.09%
	Bought 550 shares between 28.10.2019 and 01.11.2019			534720	0.09%
	Sold 10000 shares between 06.01.2020 and 10.01.2020			524720	0.09%
	Sold 512400 shares between 27.01.2020 and 31.01.2020			12320	0.00%
	Sold 550 shares between 24.02.2020 and 28.02.2020			11770	0.00%
10	Girish Kumar Sharda			700000	0.12%
	<b>At the End of the year ( or on the date of separation, if separated during the year)</b>				
1	Zuari Agro Chemicals Limited.	32267741	5.40%	32267741	5.40%
2	Life Insurance Corporation of India	5085053	0.85%	5085053	0.85%
3	Finquest Securities Pvt Ltd-Client Benef A/C F	4056503	0.68%	4056503	0.68%
4	Lok Prakashan Limited	2684862	0.45%	2684862	0.45%
5	Blue Diamond Properties Private Limited	1320000	0.22%	1320000	0.22%
6	Polaris Banyan Holding private Limited.	1133572	0.19%	1133572	0.19%
7	Dimensional Emerging Markets Value Fund	0	0.00%	0	0.00%
8	Karvy Stock Broking Limited(BSE)	0	0.00%	0	0.00%
9	Axis Bank Limited	11770	0.00%	11770	0.00%
10	Girish Kumar Sharda	700000	0.12%	700000	0.12%

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No	Particulars For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	<b>At the beginning of the year</b>				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	<b>At the End of the year</b>	-	-	-	-

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	47,609.04	4,469.08	-	52,078.12
ii) Interest due but not paid	5,606.60	-	-	5,606.60
<b>Total (i+ii)</b>	<b>53,215.64</b>	<b>4,469.08</b>	<b>-</b>	<b>57,684.72</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	320.57	-	320.57
<b>Net Change Indebtedness at the end of the financial year</b>				
i) Principal Amount	47,614.58	4,148.51	-	51,763.09
ii) Interest due but not paid	12,932.03	-	-	12,932.03
<b>Total (i+ii)</b>	<b>60,546.61</b>	<b>4,148.51</b>	<b>-</b>	<b>64,695.12</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

S. No	Particulars of Remuneration	Mr. K Rahul Raju, Managing Director	Total Amount (In Rupees)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	51,58,333 11,32,127 -	51,58,333 11,32,127 -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission (a) as % of profit (b) others, specify	-	-
5	Others - Non-taxable portion of Superannuation, Gratuity, Co. PF contribution etc	6,54,231	6,54,231

**B. Remuneration to other directors**

S. No	Particulars of Remuneration	Name of Director				Total Amount (In Rupees)
		Mrs. Lalitha Raghuram	Mrs. Girija Bhan	Mr. K C Bhanu	Mr. Syed Shahabuddin	
1	Independent Directors					
	- Fee for attending board / committee meetings	1,95,000	45,000	15,000	60,000	3,15,000
	- Commission	-	-	-	-	-
	- Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>1,95,000</b>	<b>45,000</b>	<b>15,000</b>	<b>60,000</b>	<b>3,15,000</b>
2	Other Non-Executive Directors					
	- Fee for attending board / committee meetings	45,000	1,65,000	90,000	1,20,000	4,20,000
	- Commission					
	- Others, please specify					
	<b>Total (2)</b>	<b>45,000</b>	<b>1,65,000</b>	<b>90,000</b>	<b>1,20,000</b>	<b>4,20,000</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount (In Rupees)
		@M Vijaya Bhaskar Company Secretary	%Mr.K.Chandra Sekhar Naidu. Company Secretary	#Mr. H Muralidhar CFO	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,17,024	8,07,770	48,01,323	62,26,117
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	5,274	4,720	47,191-	57,185-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	(a) as % of profit				
	(b) others, specify				
5	Others - PF, Superannuation, Gratuity Insurance	38,781	31,895	3,00,491	3,71,167
	<b>Total</b>	<b>6,61,079</b>	<b>8,44,385</b>	<b>51,49,005</b>	<b>66,54,469</b>

@Appointed with effect from November 29, 2019.

% Resigned with effect from July 01, 20119

# Resigned with effect from November 01, 2019

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

**ANNEXURE – VIII****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, 2020, 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:

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:
    - i. Secretarial Standards issued by The Institute of Company Secretaries of India.
  6. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    - d) 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;
    - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
    - 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 :
      - a. Maintenance of various statutory registers and documents and making necessary entries therein;
      - b. Closure of Register of Members / Debenture holders;
      - c. Forms, returns, documents and resolutions required to be filed with the Register of Companies and the Central Government;
      - d. Service of documents by the company on its members and Registrar of Companies.
      - e. Notices and minutes of the meetings of the committees of directors;
      - f. The meetings of Board of Directors held on 24-05-2019, 13-08-2019, 12-11-2019 and 12-02-2020 and the various Meetings of the Committees of Directors held from time to time;
      - g. The Annual General Meeting held on 24th December, 2019;
      - h. Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
      - i. Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;
      - j. Appointment and remuneration of Auditors.
      - k. Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors; except to the extent relating to composition of Board in compliance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t appointment of requisite number of Independent Directors.
      - l. The Directors have not recommended any dividend on the equity capital of the Company. Hence there is no requirement to comply with the provisions for Declaration and payment of dividends;
      - m. The company has transferred the unclaimed dividends, within the stipulated time to Investor Education and Protection Fund, and filed the necessary forms in compliance with applicable provisions of Companies Act, 2013. The necessary disclosures are made in the Annual Report 2019 and on the Website of the company viz., <http://www.nagarjunafertilizers.com>.
      - n. Borrowings and registration, modification and satisfaction of charges wherever applicable;
      - o. Investment of the Company's funds including investments and loans to others;
      - p. 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;



- 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 that took place during the period under review were carried out in compliance with the provisions of the Act.
- Further we report that, as on March 31, 2020 the Board of the company consisting of 7 Directors. Of the Directors 3 “Independent Directors”, 2 “Nominee Directors”, 1 “Non Executive Director” and 1 “Executive Director and we have been given to understand that the majority of the Board consists of non Independent Directors due to financial stress. Once the debt resolution is achieved, the company will take all possible endeavors to instate the Board in compliance with applicable Laws.
- However, we have been given to understand that the Company is in compliance with the requirement of Regulation 17(1) in relation to the Composition of the Board of Directors as on the date of issuing this Audit Report.
- 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
- iv There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, 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;
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 there under by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- Further we report that the reconciliation of share capital audit report under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 for the quarter ended 30th September, 2019 could not be filed within the time limit specified due to delay in appointment of Company Secretary and Compliance Officer.
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:
- (a) As on March 31, 2020 the Board of the company consisting of 7 directors. Of the Directors 3 “Independent Directors”, 2 “Nominee Directors”, 1 “Non Executive Director” and 1 “Executive Director and we have been given to understand that the majority of the Board consists of non Independent Directors due to financial stress. Once the debt resolution is achieved, the company will take all possible endeavors to instate the Board in compliance with applicable Laws.
- However, we have been given to understand that the Company is in compliance with the requirement of Regulation 17(1) in relation to the Composition of the Board of Directors as on the date of issuing this Audit Report
- (b) The Compliance certificate under Regulation 7(3) for the half year ended September 30, 2019 could not be filed within the time limit specified due to delay in appointment of Company Secretary and Compliance Officer.
- 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. Further we report that the company could not comply with the SEBI Circular SEBI / HO / MIRSD / DOP1 / CIR / P / 2018 / 73 dtd 20-04-2018. However, we have been informed by management that due to financial stress caused due to various reasons, the Company could not send two reminders thereof and the company made representation to SEBI, NSDL and CDSL to exempt the company from complying with the Circular. This is purely due to involvement of huge financial burden. The Company is yet to receive communication from the Regulators in this matter.

g 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)

h 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.

\*Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE-A" and Forms an integral part of this report.

**For KBG Associates**  
Company Secretaries

**(Srikrishna S Chintalapati)**

Partner

CP # 6262

Place: Hyderabad

Date: 11th Aug, 2020

UDIN: F005984B000570955

#### ANNEXURE-A'

To,  
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;

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

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## ANNEXURE – IX

### 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.

### Submission of PAN and Bank Details

The Securities and Exchange Board of India vide Circular SEBI / HO / MIRS D / DOP1 / CIR / P / 2018 / 73 dated April 20, 2018 with the intention to strengthen the standards for Share Transfer Agent (STA) has prescribed guidelines for procedures and processes with regard to handling, maintenance and updating of records, transfer / transmission of securities and payment of dividend.

As per the guidelines where bank account details of the shareholder is not available with STA or there is change in bank account details, STA shall obtain account details along with cancelled cheque to update the securities holder's data. The original cancelled cheque shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook /statement attested by the bank.

The unpaid dividend shall be paid via electronic bank transfer. In case electronic payment instructions have failed or have been rejected by the bank, the company may ask the banker to make payment through physical instrument such as banker's cheque or demand draft to such securities holder incorporating his bank account details.

The STA has been bestowed with the responsibility to take special efforts to collect copy of PAN, and bank account details of all shareholders holding shares in physical form.

Accordingly all the shareholders are requested to submit a copy of the PAN card and original cancelled cheque leaf / attested bank passbook showing name of account holder at the earliest. Further it is also requested to update the contact details viz., the complete postal address, the mobile number and any alternate number, and landline and email address for effective communications with Company.

In case of residents of Sikkim, the requirement of PAN Card be substituted with a valid Identity proof issued by Government.

### Transfer 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.

### 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 and 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 viz., [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com) under the 'Investors' section.



## CORPORATE GOVERNANCE REPORT

For the year 2019-2020

### 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 continually 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

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, 2020. 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.

**PECUNIARY RELATIONSHIP**

Non-Executive Directors / Independent Directors are committed to maintain a high level of Corporate Governance

The Company has appointed Mr. Rajendra Mohan Gonela as an additional Independent Director with effect from May 28, 2020 and is in compliance with the requirement of 17 of listing regulation as on the date of the Report.

**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				
	Industry Knowledge	Strategic Planning and Implementation	Finance, regulatory and Risk Management	Leadership and Management	Corporate Governance
Mr. Uday Shankar Jha	✓	✓	✓	✓	✓
Mr. K Rahul Raju	✓	✓	✓	✓	✓
Mr. Chandra Pal Singh	✓	✓	✓	✓	✓
Mrs. Lalitha Raghuram	✓	✓	✓	✓	✓
Mrs. Girija Bhan	✓	✓	✓	✓	✓
Mr. K C Bhanu	✓	✓	✓	✓	✓
Mr. Rajendra Gonela	✓	✓	✓	✓	✓

and as such they do not have any material pecuniary relationship with the Company except as stated in the Corporate Governance report.

**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 of nominees of IDBI Bank Limited and co-promoter Company Krishak Bharathi Cooperative Limited and a nominee from core Promoter Company.

As on March 31, 2020 the Company needs to appoint one Independent Director in compliance with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The composition of the Board as on March 31, 2020 is as under.

Category	No. Of directors	% of total no. of Directors
Executive Directors	1	14.28
Non-Executive Directors	1	14.28
Nominee Directors	2	28.58
Independent Directors	3	42.86

**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 8 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 2019-20 are as under:

Director	DIN No	Attendance Particulars at			Committees of Board of NFCL	No. of other Directorships, Committees member & Chairmanship in Public, Pvt., Sec.8 of Companies Act, 2013 etc.				
		Board Meetings		AGM held on December 24, 2019		Board			Board Committees&	
		Held	Attended			Chairman	Director	Listed Company and Category of Directorship	Chairman	Member
<b>INDEPENDENT</b>										
Mrs. Girija Bhan	08608192	2	1	No	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration Committee</li> <li>Stakeholders Relationship Committee</li> </ul>	1	-	-	-	-
Ms. Lalitha Raghuram	07161344	4	4	No	<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> </ul>	2	1	Nagarjuna Oil Refinery Limited – Independent Director	1	2
Mr. K C Bhanu	08608297	2	1	Yes	Nil	-	-	-	4	6
Mr. C B Mouli <sup>1</sup>	00042949	4	2	No	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Nomination and Remuneration Committee</li> <li>Risk Management Committee</li> <li>Stakeholders Relationship Committee</li> </ul>	-	6	-	4	6
Mr. Rajendra Mohan Gonela <sup>2</sup>	02354356	-	-	-	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>	-	-	-	-	6
<b>NON-EXECUTIVE</b>										
Mr. Chandra Pal Singh Yadav	00023382	4	3	No	Nil	4	5	Nagarjuna Oil Refinery Limited – Non-executive Director	4	-
Mr. Uday Shankar Jha	00056510	4	4	Yes	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Management Committee</li> <li>Shares &amp; Debentures Committee</li> <li>Banking Committee</li> <li>Investment committee</li> </ul>	0	1	-	-	1
<b>NOMINEE</b>										
Mr. VVS Ravindra	01887879	4	1	No	<ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Management Committee</li> <li>Risk Management Committee</li> <li>Stakeholders Relationship Committee</li> <li>Corporate Social Responsibility</li> </ul>	-	1	Surya Lakshmi Cotton Mills Ltd – Nominee Director	-	4
Mr. Syed Shahabuddin <sup>3</sup>	00985532	4	1	No	-	-	-	-	-	-
<b>EXECUTIVE DIRECTORS</b>										
Mr. K. Rahul Raju	00015990	4	4	No	<ul style="list-style-type: none"> <li>Shares &amp; Debentures</li> <li>Banking</li> <li>Management</li> <li>Investment</li> <li>Risk Management</li> <li>Corporate Social responsibility</li> <li>Asset Sale</li> </ul>	-	6	-	-	1

1 Resigned with effect from October 10, 2019; 2 Resigned with effect from June 13, 2019; 3 Appointed with effect from May 28, 2020

\* The Company Nagarjuna Oil Refinery Limited is Under Liquidation.

## Meetings of the Board

During the year under review the Board of Directors met four times on May 24, 2019, August 13, 2019, November 12, 2019, and February 12, 2020.

## 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

### 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.

The Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Mr. Uday Shankar Jha and Mr. Chandrapal Singh 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 eight 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.

#### **Appointment of Mr. Rajendra M Gonela, Independent Director**

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, and the Regulation 25 Listing Regulations, it is proposed to appoint Mr. Rajendra Mohan Gonela as an Independent Director of the Company, not liable to retire by rotation, for a period of five years upto the conclusion of 19th AGM in the year 2025.

The appointment is being placed before the Members of the Company at the 14th Annual General Meeting for their approval.

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

#### **Re-appointment of Mrs. Lalitha Raghuram, as an Independent Director**

The Board of Directors of the Company appointed Mrs. Lalitha Raghuram as an Independent Director of the Company for a period of five years with effect from April 18, 2015.

In terms of the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder, an Independent Director can be reappointed for a second term of maximum 5 (five) years by obtaining approval of the shareholders by a way of special resolution and subject to report of performance evaluation and on disclosure of such reappointment in the Board's Report.

In accordance with Section 149, 152 and Schedule IV read with relevant Rules of the Companies Act, 2013, Mrs. Lalitha Raghuram, have been re-appointed as an Independent Director with effect from April 18, 2020, for a period of five (5) years, not liable to retire by rotation, by the Board of Directors of the Company subject to the approval of the members of the Company.

The appointment is being placed before the Members of the Company at the 14th Annual General Meeting for their approval.

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

#### **Resignation of Mr. C B Mouli, Independent Director**

Mr. C B Mouli, Independent Director resigned from the Directorship of the Company with effect from 10th October, 2020 due to personal reasons.

#### **DETAILS OF FAMILIARIZATION PROGRAMMES TO DIRECTORS**

The company believes that a Board, which is well informed / familiarised 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 are 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://www.nagarjunafertilizers.com/pdfs/Familiarization%20Prog.pdf>

#### **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 of 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 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 of 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.

#### **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 2019-20.

The details of remuneration paid to Non-Executive / Independent Directors of the Company during 2019-20 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	1,95,000
Mr. C B Mouli	1,20,000
Mrs. Girija Bhan	45,000
Mr. K C Bhanu	15,000
<b>NON-EXECUTIVE</b>	
Mr. Chandra Pal Singh Yadav	45,000
Mr. Uday Shanar Jha	1,65,000
<b>NOMINEE</b>	
Mr. V V S Ravindra &	90,000
Mr. Syed Shahabuddin	60,000

### Remuneration to Executive Directors

The Executive Directors remuneration is subject to compliance of 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 2019-20 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.

The Board of Directors at their meeting held on 14th August, 2020 based on the recommendation of Nomination and Remuneration Committee approved the reappointment of Mr. K Rahul Raju as Managing Director for a period of 3 years with effect from 1st August, 2020 subject to approval of members of the Company and financial institutions.

### 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 September 30, 2020, 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, authorises and monitors strategic decision, ensures regulatory compliance and safeguards interests of stakeholders.

#### Responsibilities of the Managing Director

The Board of Directors at their Meeting held on September 30, 2020, delegated powers to Mr. K. Rahul Raju, Managing Director to enable them 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, 2020.

None of the Non-Executive Directors held shares in the Company as on March 31, 2020.

### 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 [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

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".

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

Name of the Member	Status	Category	Attendance at the Audit Committee Meetings			
			24.05.2019	13.08.2019	12.11.2019	12.02.2020
Mrs. Girija Bhan <sup>1</sup>	Chairperson	Independent	√	√	√	√
Mrs. Lalitha Raghuram	Member	Independent	√	√	NA	NA
Mr. Uday Shankar Jha <sup>2</sup>	Member	Nonexecutive	√	NA	NA	NA
Mr. Syed Shahabuddin <sup>3</sup>	Member	Nominee Director	NA	√	√	√
Mr. C B Mouli <sup>4</sup>	Member	Independent	NA	NA	√	X
Mr. Rajendra Mohan Gonela <sup>5</sup>	Member	Independent	NA	NA	√	X

1 Mrs. Girija Bhan, has been inducted as the member/chairperson with effect from November 11, 2019

2 Mr. Uday Shankar Jha has been inducted as the member with effect from June 20, 2019

3 Mr. Syed Shahabuddin, ceased to be a Member with effect from June 13, 2019.

4 Mr. C B Mouli, ceased to be a member with effect from October 10, 2019.

5 Mr. Rajendra Mohan Gonela has been inducted as the member with effect from May 28, 2020

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, 2020

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 course of 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. Sagar & Associates as Cost Accountant of the Company, for the financial year 2020-21.
- i. M/s. Sagar & 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.

Sd/-

**Girija Bhan**  
Chairperson  
Audit Committee

Hyderabad  
August 14, 2020



### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three Directors.

The details as to Members of the Nomination and Remuneration Committee and their attendance particulars are as under:

Name of the Member	Status	Category	24.05.2019
Mrs. Lalitha Raghuram	Chairperson	Independent Director	√
Ms. Girija Bhan <sup>1</sup>	Member	Independent Director	NA
Mr. Uday Shankar Jha <sup>2</sup>		Nonexecutive Director	NA
Mr. C B Mouli <sup>3</sup>	Member	Independent Director	√
Mr. V V S Ravindra <sup>4</sup>	Member	Nominee Director	√

1 Ms. Girija Bhan, has been inducted as a member with effect from November 11, 2019

2 Mr. Uday Shankar Jha has been inducted as a member with effect from September 30, 2020

3 Mr. C B Mouli resigned as the member with effect from October 10, 2019.

4 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

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

#### 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.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of three directors with two being an Independent Director. The Chairperson of the Stakeholders Relationship Committee expressed her inability to attend the last Annual General Meeting due to preoccupation.

The details as to Members of the Committee and the various dates on which meetings were held and their attendance particulars are as under:

Name of the Member	Status	Category	Date of Meeting and attendance		
			24.05.2019	13.08.2019	12.11.2019
Mrs. Lalitha Raghuram	Chairperson	Independent	√	√	√
Ms. Girija Bhan <sup>1</sup>	Member	Independent	NA	NA	√
Mr. Uday Shankar Jha <sup>2</sup>	Member	Non-Independent	NA	NA	NA
Mr. C B Mouli <sup>3</sup>	Chairman	Non-Independent	√	√	NA
Mr. V V S Ravindra <sup>4</sup>	Member	Nominee	√	x	x

1 Mrs. Girija Bhan, has been inducted as the member with effect from November 11, 2019

2 Mr. Uday Shankar Jha has been inducted as the member with effect from September 30, 2020

3 Mr. C B Mouli ceased to be the member with effect from October 10, 2019

4 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

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  
Nagarjuna Fertilizers and Chemicals Limited  
"D. No. 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad – 500082  
Telephone: 040-23358405  
E-mail: secretarial@nagarjunagroup.com

### Shareholders' complaints received and solved during the year:

The company has 3,01,881 shareholders as on March 31, 2020. During the financial year 2019-20, the status of investor complaints was as follows:

No. of Investor complaints			
Opening balance as on 01.04.2019	Received	Solved to the satisfaction of investors	Pending as on 31.03.2020
0	4469	4469	0

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

The composition of the Committee and the details of Members participation at the Meetings of the Committee are as under:

Name of the Member	Status	Category	Date of Meeting and attendance
			24.05.2019
Mrs. Lalitha Raghuram	Chairperson	Independent	√
Mr. K Rahul Raju	Member	Executive	√
Mr. Uday Shankar Jha <sup>1</sup>	Member	Nonexecutive	NA
Mr. V V S Ravindra <sup>2</sup>	Member	Nominee	√

1 Mr. Uday Shankar Jha has been inducted as the member with effect from September 30, 2020

2 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

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.

Even though Regulation 21 of Listing Regulations is not applicable to the Company, the Board of Directors of the Company constituted a Risk Management Committee of the

Board on May 29, 2014, as a good governance initiative. The scope of the activities of the Committee is in conformity.

The Risk Management Committee of Directors met one time during 2019-20.

The table below lists the Members of the Risk Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Status	Category	Date of Meeting and attendance
			24.05.2019
Mr. K Rahul Raju	Chairman	Executive	√
Mr. Uday Shankar Jha <sup>1</sup>	Member	Nonexecutive	NA
Mr. C B Mouli <sup>2</sup>	Member	Independent	√
Mr. Syed Shahabuddin <sup>3</sup>	Member	Nominee	√
Mr. V V S Ravindra <sup>4</sup>	Member	Nominee	√

1 Mr. Uday Shankar Jha has been inducted as the member with effect from September 30, 2020

2 Mr. C B Mouli ceased to be the member with effect from October 10, 2019

3 Mr. Syed Shahabuddin ceased to be the member with effect from June 13, 2019

4 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

The Chief Risk Officer of the Company and the Compliance Officer attend all the meetings of the Risk Management Committee.

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

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

- To lay down procedures to inform the Board of the risk assessment and risk minimization procedures in the Company.
- Framing, implementing and monitoring the risk management plan of the Company and such other functions as delegated by the Board from time to time.

### SHARES AND DEBENTURES COMMITTEE

The Shares and Debentures Committee comprises of:

Mr. Uday Shankar Jha	Chairman
Mr. K. Rahul Raju	Member

The Committee met 37 times during the year 2019-20 apart from considering 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 2019-20.

The table below lists the Members of the Management Committee and the various dates of meetings and their attendance particulars.

Name of the Member	Category	Dates of Meeting and attendance particulars			
		24.05.2019	13.08.2019	12.11.2019	12.02.2020
Mr. Uday Shankar Jha	Chairman	√	√	√	√
Mr. K. Rahul Raju	Member	√	√	√	√
Mr. K C Bhanu <sup>1</sup>	Member	NA	NA	NA	NA
Mr. Syed Shahabuddin <sup>2</sup>	Member	√	NA	NA	NA
Mr. VVS Ravindra <sup>3</sup>	Member	√	X	X	X

1 Mr. K C Bhanu co-opted as member with effect from November 11, 2019

2 Mr. Syed Shahabuddin, ceased to be a member with effect from June 13, 2019.

3 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

The quorum is two Members present in person.

### Terms of reference:

- 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.
- To formulate annual budgets/business plans for the Company.
- 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.
- 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.
- 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.
- 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 2019-20.

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 2019-20.

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.

## ASSET SALE COMMITTEE

The Board of Directors of the Company had constituted an Asset Sale Committee of the Board of Directors on July 23, 2015 to look into matters of asset monetization of the Company.

The table below lists the Members of the Asset Sale Committee

Name of the Member	Status
Mr. Uday Shankar Jha	Chairman
Mr. Syed Shahabuddin <sup>1</sup>	Member
Mr. V V S Ravindra <sup>2</sup>	Member

1 Mr. Syed Shahabuddin, ceased to be a member with effect from June 13, 2019.

2 Mr. VVS Ravindra ceased to be a member with effect from August 31, 2020

The quorum is two Members present including one Institutional Nominee present.

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

To monitor the progress in asset monetization by sale of various assets considered non-performing. The Committee did not meet during the year in review.

## 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 management 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://www.nagarjunafertilizers.com/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://www.nagarjunafertilizers.com/pdfs/Code\\_Insider\\_Trading\\_NFCL\\_Revised\\_24052019.pdf](http://www.nagarjunafertilizers.com/pdfs/Code_Insider_Trading_NFCL_Revised_24052019.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 [www.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

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 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.

The Company uses an IT-enabled Company specific Legal Compliance Management System known as “nSure” to ensure legal and regulatory compliances of various central, state and local statutes applicable across the Company.

The system provides for tracking, monitoring and compliance at one point of control.

#### 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.

The Company has not received any complaint alleging sexual harassment during the year 2019-20.

#### 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 [www.nagarjunafertilizers.com/pdfs/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.nagarjunafertilizers.com/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://www.nagarjunafertilizers.com/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.

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### 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.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

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, 2020 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@nagarjunagroup.com](mailto:investors@nagarjunagroup.com)

#### Investor Grievance Redressal

The company has 3,01,881 shareholders as on March 31, 2020. The Company during the financial year 2019-20, received and attended/resolved 1483 letters from the investors and dematerialized/rematerialized 2621 requests for dematerialization / rematerialisation of shares.

The table below lists the details of shareholders or depository queries/complaints/requests received and resolved during 2019-20:

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Change of address	0	0	0	0
Revalidation of dividend warrants	0	200	200	0

Nature of Letters	Opening Balance	Received	Replied	Closing Balance
Share transfers	0	36	36	0
Demat / Remat of Shares	0	2621	2621	0
Issue of duplicate certificates	0	40	40	0
Transmission of shares *	0	89	89	0
General queries	0	1483	1483	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 STA. All valid transfers are processed and registered within 15 days from the date of receipt.

Shares held in the dematerialised 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 dematerialisation 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

### Remote E-voting

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, the Company is providing remote e-voting facility as an alternative, to enable members to cast their vote electronically on all the resolutions set forth in the Notice to the 14th Annual General Meeting to be held on Wednesday, December 30, 2020 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](http://www.evotingindia.com) from Sunday, December 27, 2020 and ends on Tuesday, December 29, 2020 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. December 23, 2020.

### 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, 2020, 96.46 % 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, 2020 : 2,11,743

The table below shows the status of the equity shares of the company as on March 31, 2020:

Mode of Shareholding	No. of Shares	% to Total Equity Shares	No. of Shareholders	% to Total Shareholders
Physical form	2,11,76,013	3.54%	90,138	29.86%
Held in electronic mode	57,68,88,990	96.46%	2,11,743	70.14%
Total	59,80,65,003	100%	3,01,881	100%

### 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.

### DISTRIBUTION OF SHAREHOLDING

The table below shows the distribution of shareholding of various groups as on March 31, 2020

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Value in Rs.	% to Total
Upto 5000	298230	98.79	106278526	98.79
5001 – 10000	1982	0.66	14136588	0.66
10001 – 20000	904	0.3	12654376	0.3
20001 – 30000	283	0.09	6971761	0.09
30001 – 40000	121	0.04	4243802	0.04
40001 – 50000	83	0.03	3778306	0.03
50001 – 100000	148	0.05	10622883	0.05
100001 and Above	130	0.04	439378761	0.04
Total	301881	100	598065003	100

The table below lists the distribution of promoter and non-promoter shareholding as on March 31, 2020

	Category	No. of shares held	% of shareholding
A	Promoter's holding	341700129	57.13%
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)	5200233	0.87%
	c. Foreign Institutional Investors	554144	0.09%
	II. Others		
	a. Private corporate bodies	75442327	12.61 %
	b. Indian public	138345334	23.13 %
	c. NRIs/OCBs	6537238	1.09 %
	d. Trusts	149132	0.02 %
	e. Foreign National	1072	0.00 %
	f. HUF	5774417	0.97 %
	g. IEPF Authority	24356247	4.07 %
	Grand Total	250605767	41.90 %
		598065003	100.00 %

### DETAILS OF GENERAL MEETINGS

The 11th and 12th Annual General Meetings of the Company were held at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073.

The 13th Annual General Meetings of the Company was held at KLN Prasad Auditorium, # 11-6-841, FTCCI Building, FTCCI Marg, Red Hills, Lakdikapool, Hyderabad - 500 004

No of AGM & F.Y	Date & Time	Special Resolutions passed
13th AGM 2018-19	December 24, 2019 at 10.00 A.M.	<ul style="list-style-type: none"> <li>• Ratification of the remuneration of the Cost Auditors for the financial year ending March 31, 2020</li> <li>• Appointment of Mrs. Girja Bhan as an Independent Director.</li> <li>• Appointment of Hon'ble Shri Justice K C Bhanu (Retd) as an Independent Director.</li> <li>• Approval of payment of remuneration to Mr. K.S. Raju, Executive Director.</li> <li>• Approval of payment of remuneration to Mr. K Rahul Raju, Managing Director</li> </ul>
12th AGM, 2017-18	September 29, 2018 at 10.00 A.M	<ul style="list-style-type: none"> <li>• Ratification of the remuneration of the Cost Auditors for the financial year ending March 31, 2019.</li> <li>• Appointment of Capt. Hariharan Ramanathan as an Independent Director of the Company.</li> <li>• Approval of charitable contribution to Nagarjuna Foundation</li> </ul>
11th AGM, 2016-17	September 26, 2017 at 10.00 A.M	<ul style="list-style-type: none"> <li>• Re-appointment of Mr. K S Raju as Director and Chairman of the Company with effect from August 1, 2017.</li> <li>• Re-appointment of Mr. K Rahul Raju as Director and Managing Director of the Company with effect from August 1, 2017.</li> <li>• Approval to create mortgage and/ or charge on all immovable or movable properties or other assets in favour of the JLF lenders to create security.</li> <li>• Approval for making contribution to Nagarjuna Foundation for amount not exceeding Rs. 1 crore during the Financial Year 2017-2018</li> </ul>

The table below lists the details of persons holding more than 1% shareholding in the Company as on March 31, 2020

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	1.84%
3	Fireseed Limited	1.47%
	<b>Others - Private Corporate Bodies</b>	
1	Zuari Agro Chemicals Limited	5.40 %

@ Please refer Note Point IV (ii) of Annexure V of the Directors Report

### 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)



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	09.00 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	02.30 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, 2020.

#### 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.

There are unclaimed dividends and the same shall be transferred to Investor Education and Protection Fund as and when due for transfer.

#### 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, 2020 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.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com)). 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 2019-20 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 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 alleging sexual harassment during the financial year 2019-20.

## Means of Communication

### i. Quarterly results:

The quarterly results of the Company are published in accordance with the requirements of the Listing Regulations.

### ii. Newspapers wherein results normally published:

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

www.nagarjunafertilizers.com 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.nagarjunafertilizers.com

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

The presentations if any are placed on the Company's website www.nagarjunafertilizers.com

## GENERAL SHAREHOLDERS INFORMATION

14th Annual General Meeting to be held for Financial Year 2019-20	
<b>Date</b>	Wednesday, December 30, 2020
<b>Time</b>	10.00 A.M.
<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>	December 23, 2020 To December 29, 2020
<b>Registered Office</b>	D.N 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.
<b>Compliance Officer</b>	Mr. M Vijaya Bhasker Ph No. (040) 23355317. Fax (040) 23350247 Email: secretarial@nagarjunagroup.com
<b>Share Transfer Agent</b>	Nagarjuna Fertilizers and Chemicals Limited Investors Service Cell, Plot No 1, Punjagutta, Nagarjuna Hills, Hyderabad - 500 082. Telangana, India Tel: +91-40-23358405 Email: Investors@nagarjunagroup.com
<b>Dividend history for the last five years</b>	The Company has not declared any dividend during the last 5 Financial Years Your Directors have not recommended any dividend for the Financial Year 2019-20.

The Financial year is 1st April to 31st March every year and for the FY 2020-21, the financial results are proposed to be declared as per the following tentative schedule

Particulars	Schedule
Financial reporting for the quarter ended June 30, 2020	September 30, 2020
Financial reporting for the quarter / half year ending September 30, 2020	November 30, 2020
Financial reporting for the quarter / nine months ending December 31, 2020	First fortnight of February, 2021

Particulars	Schedule
Financial reporting for the quarter / year ending March 31, 2021	Second fortnight of May, 2021
Annual General Meeting for the year ending March 31, 2021	August / September, 2021

### Stock code:

Demat ISIN 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 2020-2021.

### 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@nagarjunagroup.com

### Credit 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:

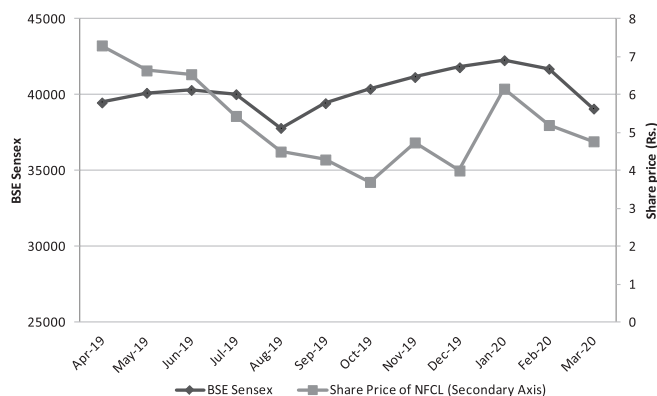
Instrument type	Maturity date	Size of issue (billion)	Rating	Rating Action
Fund-based limit (Long-term)	-	INR8.03	IND D	Affirmed
Non-fund-based limit (Short term)	-	INR11.80	IND D	Affirmed
Long-term loans	FY21-FY24	INR4.73	IND D	Affirmed

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

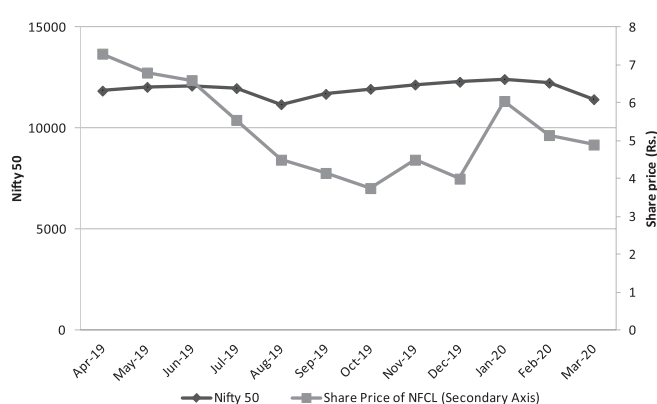
The monthly high and low prices of your Company's share at BSE and NSE for the year ended March 31, 2020 are as under:

Month	(Amount in Rs.)			
	BSE		NSE	
	High	Low	High	Low
April 2019	7.30	6.16	7.30	6.10
May 2019	6.64	5.26	6.80	5.05
June 2019	6.54	4.66	6.60	4.70
July 2019	5.44	4.00	5.55	4.00
August 2019	4.50	3.40	4.50	3.40
September 2019	4.29	3.35	4.15	3.35
October 2019	3.70	2.56	3.75	2.65
November 2019	4.74	3.24	4.50	3.05
December 2019	4.00	3.06	4.00	3.05
January 2020	6.16	3.10	6.05	3.10
February 2020	5.20	3.28	5.15	3.35
March 2020	4.77	2.49	4.90	2.55

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 2019-20 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:

The Company was required to appoint one Independent Directors on the Board as on March 31, 2020. Subsequently the company appointed an Independent Directors with effect from 28th May, 2020 and is in compliance with the provisions of listing regulations as on the date of the report.

The Stock Exchanges have imposed fine for the above delayed compliance.

There has been no instance of non-compliances by the Company on any matter related to capital markets during the last three years except mentioned above and hence, no penalties or strictures have been imposed by the Stock Exchanges or SEBI or any statutory authority.

### 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 [www.nagarjunafertilizers.com/corporate-governance/Whistle\\_Blower\\_Policy.pdf](http://www.nagarjunafertilizers.com/corporate-governance/Whistle_Blower_Policy.pdf)

### Fees paid to Statutory Auditors:

M/s. M Bhaskara Rao & Co., Chartered accountants (ICAI Firm Registration no. 000459S) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis are given below:

Particulars	Amount (in lakh)
Statutory Audit	60.00
Tax Audit	7.50
Limited Review	15.00
Certification and other services	9.94
Reimbursement of expenses	0.13
<b>Total</b>	<b>92.57</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
Board composition	17(1)	The Company was required to appoint an Independent Director as on 31st March, 2020. Subsequently, the company has appointed an Independent Directors on May 28, 2020 and is in comply with the regulation.
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)	Yes
Approval for material related party transactions	23(4)	Yes
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
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 for every quarter is sent to all shareholders who have provided their e-mail addresses
The listed entity may move towards a regime of financial statements with unmodified audit opinion	Yes
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 C Shankar, General Manager - Accounts, 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, 2020 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
- 3) 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  
August 14, 2020

**K Rahul Raju**  
Managing Director

**C Shankar**  
General Manager - Accounts

### 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.nagarjunafertilizers.com](http://www.nagarjunafertilizers.com).

We confirm that the Company has in respect of the financial year ended March 31, 2020, 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, 2020.

Hyderabad  
August 14, 2020

**K Rahul Raju**  
Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Nagarjuna Fertilizers and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by **Nagarjuna Fertilizers and Chemicals Limited** for the year ended on 31st March, 2020, 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.

Sl. No	Particulars
1	<p>The Company has complied with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (earlier Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited) except the following:</p> <p>To be in compliance with Regulation 17(1) (b), at least half of the board of directors shall comprise of independent directors (if the entity does not have a regular non-executive chairperson), whereas the Company has only 3 Independent Directors on the Board.</p> <p>As on March 31, 2020; the Board consisted of 7 directors. The categories of directors on the Board comprise of 3 "Independent Directors", 2 "Nominee Directors", 1 "Non Executive Director" and 1 "Executive Director" whereas the Company is required to have 4 "Independent Directors" on the Board.</p> <p>We have been given to understand that due to several factors beyond the control of the management viz., the financial stress, resignations / demise of directors the company is unable to reinstate the Board with requisite number of Independent Directors.</p> <p>However, we have been given to understand that the Company is in compliance with Regulation 17 (1) w.e.f May 28, 2020, with the appointment of one Independent Director on the Board.</p>
2	<p>The company undertakes share transfer activity as a Category II SEBI registered 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 yearend as stated under Investor Grievance Redressal Column of the Company's Report on Corporate Governance.</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).

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

**(Srikrishna S Chintalapati)**

Partner

CP # 6262

UDIN: F005984B000570977

Place: Hyderabad  
Date: 11th Aug, 2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 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 500082.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Nagarjuna Fertilizers And Chemicals Limited having 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](http://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 for the Financial Year ending on 31st March, 2020 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.

Sl. No	Particulars	DIN	Date of Appointment in the Company
1	Uday Shankar Jha	00056510	30-09-2016
2	K Rahul Raju	00015990	01-08-2017
3	Chandra Pal Singh Yadav	00023382	26-09-2017
4	V V Satya Ravindra	01887879	20-10-2018
5	Lalitha Raghuram	07161344	29-09-2015
6	Girija Bhan	08608192	11-11-2019
7	K C Bhanu	08608297	11-11-2019

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

**(Srikrishna S Chintalapati)**  
Partner  
CP # 6262  
UDIN: F005984B001148312

Place: Hyderabad  
Date: 03-11-2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### Global Economic Scenario

Year 2020 has been heavily affected by the COVID-19 pandemic, which led to global social and economic disruption, mass cancellations and postponements of events, worldwide lockdowns, and the largest economic recession since the Great Depression. The Global economy has registered a negative growth rate of 4.9 percent in the year 2020. Growth continues to be further weakened due to continuation of pandemic, trade barriers, increasing geopolitical tensions, US-China trade war, US Presidential elections and these factors will cumulatively reduce global GDP of 2020. The weakness in growth is driven by a sharp deterioration in manufacturing activity, global trade, higher tariffs, and prolonged trade policy disputes. Global economy is expected to recover gradually in the year 2021 and IMF has projected a growth rate of 5.4 percent.

### Indian Economic Scenario

As per Economic Survey 2019-20 tabled in Parliament on January 31, 2020, The GDP growth rate was estimated to be 5% in 2019-20 as compared to 6.8% in 2018-19. In 2020-21, India's GDP growth rate was projected to be in the range of 6.0% to 6.5%. However, Indian economy, severely hit by the coronavirus pandemic.

The International Monetary Fund in its annual World Economic Outlook significantly downgraded India's growth for the fiscal year 2020 to minus 10.3 per cent. At the same time, IMF said that India is likely to bounce back with an impressive 8.8 per cent growth rate in year 2021. As per RBI Monetary policy Report of October 2020, overall, the uncertainty about COVID-19's spread and trajectory continue to fog the outlook. Considering the baseline assumptions, the survey indicators, and model forecasts, real GDP is projected to contract by 9.5 per cent in 2020-21 and for 2021-22, indicate real GDP growth at 10.1 per cent. As per IMF Indian economy is expected to start recovering from the "horrible crisis" with the government making efforts on both the fiscal and monetary side in addition to putting in place structural elements.

### Agriculture Sector

India is the world's largest producer of spices, pulses, milk, tea, cashew and jute, and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds. India is currently the world's fourth largest producer of agrochemicals. India has the largest land area under irrigation in the world (96 mn hectare). and 263 million people are engaged in agriculture. Agriculture contributes 15% of India's GDP, agriculture is a source of livelihood of about 50% of our 1.3 billion population. Growth of agriculture sector has been fluctuating from -0.2% in 2014-15 to 6.3% in 2016-17, and then declined to 2.8% in 2019-20.

During the coronavirus pandemic and consequent lockdown from 25th of March 2020, the agriculture sector was functioning smoothly. Government of India and state governments have taken all necessary measures to ensure smooth sowing operation during pre-monsoon and monsoon period. All the necessary exemptions and exceptions were allowed for agricultural activities during lockdown period.

The monsoon in India was satisfactory across India and expected good kharif outputs. The farmers in states of Maharashtra, Andhra and Telangana were also banking on bumper Kharif crop but are facing a major setback with massive rains. Delayed retreat of monsoon and good reservoir levels have good prospects for Rabi crops

Recent three reforms in agriculture sector, Agricultural marketing Reforms to provide marketing choices to farmers, Framework for Produce Price and Quality assurance and Amendments to Essential Commodity Act (EA Act 1955) show the GOI's intention to create an open agriculture markets across the country, to increase agriculture growth and farmers' income.

### Fertilizer Sector

Chemical fertilizers have played an important role in making India self-reliant in terms of production of food grains. Fertilizer consumption is increasing year on year. The fertilizer sector remained unaffected during Coronavirus pandemic and consequent lockdown period. Fertilizers being essential commodity the Central Government and state administrations took several timely steps and decisions for smooth functioning of production, supply, and movement of fertilizers across India.

Production of natural gas from existing fields has been declining for more than five years. Therefore, supply of domestic gas to fertilizer plants has been declining. This has made fertilizer plants more and more dependent on imported LNG. Share of domestic gas to fertilizer plants declined from 76% in 2012-13 to 30% in 2019-20. Only 12.8 MMSCMD gas was supplied in 2019-20 from domestic sources as against the total requirement of 43 MMSCMD. At the time of introduction of gas pooling the government has committed domestic gas of 31.5 MMSCMD.

The downward revision in the budgetary allocation for the fertilizer subsidy for FY2020-21 (BE) to Rs 71,309 crore, as against the revised estimate of 79,998 crore for FY2019-20, is a major negative factor for the fertilizer industry. The issue of inadequate subsidy provisioning and resulting subsidy backlog impacting the liquidity and profitability has been highlighted by the industry repeatedly. The industry is plagued with the build-up of subsidy dues which forms a substantial portion of the gross sales of fertilizer Companies, the delay is leading to increased short-term borrowings, impacting the working capital cycle resulting in high interest cost and causing severe financial stress on the Company.

### Government Policies

The New Pricing Scheme (NPS) for urea manufacturing units was introduced from April 2003, replacing the erstwhile Retention Price Scheme. NPS was implemented in three stages (NPS I, II and III). NPS-III was to end in March 2010 but was extended till April 01, 2014. Modified NPS III was effective from April 02, 2014 to May 31, 2015. The New Urea policy 2015 was applicable for four years i.e. from FY 2015-16 to FY 2018-19 which is further extended from April 2019 till further orders.

The New Urea Policy 2015 with Gas Pooling policy are applicable for existing urea units from June 01, 2015 onwards. New target energy consumption norms were enforced from



2018. The Government extended 2015 norms by only 6 months i.e. up to 30th September 2020 for 14 gas-based plants with enhanced penalty of 10% of difference between 2015 and 2018 (target) energy norms. The exemption will end on 30th September 2020 and new norms will be applicable to all urea units effective from October 2020 which will have significant impact on profitability of these 14 gas-based units. The Government approved for continuance of the urea subsidy scheme up to 2020-21. This decision assures that the MRP and subsidy on urea will not be changed till 2021.

#### **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. The Company is constantly looking for new opportunities to further enhance its revenue streams and increase profitability. The company operations were not majorly affected even during the COVID 19 pandemic conditions.

#### **Risks and concerns**

The delay on the part of the Government of India in undertaking comprehensive fertilizer reforms is a matter of concern. The industry continues to face challenges such as insufficient subsidy allocation in budget, continued delays in subsidy payments to fertilizer manufacturers, DBT scheme which has serious impact on working capital, non-revision urea retail prices, dwindling domestic gas availability and enforcing revised energy norms. In addition to above challenges, the company is facing severe financial crisis, due to losses incurred during non-supply /short supply of gas, post GAIL pipeline accident

The pricing of Natural Gas is not in parity with international prices resulting in the cost of production of fertilizers in India not being comparable and competitive with imports, resulting in unfair competition denying level playing field to Indian fertilizer companies. The Fertilizer Industry need protection through tariff and other measures for mitigating the threat of cheaper imports.

## INDEPENDENT AUDITOR'S REPORT

To  
**The Members of  
 Nagarjuna Fertilizers and Chemicals Limited**  
**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the accompanying standalone financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 independence 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Material Uncertainty Related to Going Concern

We draw attention to Note 35 in the financial statements, the Company has incurred net loss of Rs. 46,893.40 Lakhs during the year ended March 31, 2020, and the current liabilities exceed the current assets by Rs. 1,89,403.27 Lakhs as on March 31, 2020. The company during the year ended March 31, 2020 continued to default in discharging its obligations for repayment of Loans and settlement of other financial & non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the lenders with a resolution plan and are hopeful of a positive response to the resolution plan from the lenders. These events and conditions indicate material uncertainty which

cast a significant doubt on the Company's ability to continue as a going concern, and therefore may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as going concern is solely dependent on the acceptance of debt restructuring proposal, which is not wholly within the control of the Company.

The financial statements of the Company have been prepared on going concern basis by the management. The management is hopeful of a successful outcome of the resolution plan submitted and accordingly no adjustments have been made to the carrying value of the assets and liabilities and their presentation/ classification.

Our opinion is not modified in respect of this matter.

### Emphasis of Matter

Attention is invited to following notes to the Standalone Ind AS Financial Statements:

- a) Note 16.5 regarding accounting of interest and penal interest on the overdue borrowings, pending confirmation and acceptance by the lenders for the reasons stated in the said note;
- b) Note 25.1 regarding recognizing Income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, and for production beyond reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III, pending notification of final prices under New Urea Policy 2015 and consequential adjustments, if any that may arise.
- c) Note 38.1.1 regarding Arbitration awards passed against the Company for USD 15,275,688, GBP 6,90,630, EURO 4,55,000 aggregating to Rs.15,641.51 Lakhs (31.03.2019: Rs.14,188.03 Lakhs), approximately and Rs. 221.39 Lakhs; the impact of which has not been recognised in the Financial Statements, for reasons stated in the said note;

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

### 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition Sale of Products and Subsidy</b></p> <p>To ensure accuracy of recognition, measurement, presentation and disclosures of revenues and related accounts.</p> <p><b>Refer Note 25 of the Standalone Financial Statements</b></p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• We have assessed the Company's internal controls in respect of its revenue transactions;</li> <li>• We tested the key controls identified,</li> <li>• We performed substantive detail testing by selecting a sample of revenue transactions, that we considered appropriate to test the evidence of effectiveness of the internal controls and adherence to accounting policies in recognising the revenue, and the rebates and discounts there against.</li> <li>• We have verified the notifications issued for the subsidy recognition classified under product and freight subsidy.</li> <li>• In respect of other components included in the subsidy income comprising escalation /de-escalation are based on management estimates and towards reimbursement of additional fixed costs etc, are based on Modified NPS III Policy. We have reviewed the management estimates for recognising the income along with various correspondence made with the Government of India, Department of Fertilisers and representations given to us. Since the amounts involved are significant and also involve certain uncertainties, an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (b).</li> </ul>
2	<p><b>Trade receivables</b></p> <p>Receivables include receivable from sale of products as well as receivable from Government of India in the form of subsidy.</p> <p>As at March 31,2020, Trade Receivables amounting to Rs.1,22,647.86 Lakhs Includes subsidy and other dues Rs.1,12,083.54 Lakhs from Government of India and Rs.9,665.59 Lakhs from State Governments.</p> <p><b>Refer Note 11 to the Standalone Financial Statements.</b></p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>• In respect of Subsidy recognised as receivable from Government of India towards reimbursement of additional fixed costs and towards subsidy for production beyond reassessed capacity, though the final prices are not notified.</li> <li>• As no confirmation of balance is on record we have relied on the management's assertion on the recoverability an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (b).</li> <li>• In respect of other receivables, we have sent request for confirmation from the parties. The response to the request is not significant and hence reviewed the subsequent realisations and obtained representations from the management regarding the realisability.</li> <li>• Ensured adequate provision for the long outstanding balances</li> </ul>
3	<p><b>Borrowings</b></p> <p>Borrowings from Banks and Financial institutions.</p> <p>Account with the lenders had become a NPA and hence</p> <ul style="list-style-type: none"> <li>• To ensure <ul style="list-style-type: none"> <li>o adequate disclosure in terms of security offered</li> <li>o adequate disclosure for restructuring if any</li> <li>o repayment as per the sanctioned terms</li> <li>o and accounting for the interest and penal charges including interest in case of defaults.</li> </ul> </li> </ul> <p><b>Refer Note 16 of the Standalone financial statements</b></p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was to carry out substantive and analytical procedures which included the following:</p> <ul style="list-style-type: none"> <li>• Review of the sanction letters</li> <li>• Review of the register of charge</li> <li>• Verification of the loan statement from the lender and comparing with the books of account</li> <li>• Recalculation of interest and outstanding</li> <li>• Ensured adequate disclosure for the overdue balances, classification of the outstanding balances in the financial statements.</li> </ul> <p>Emphasis of Matter has been given for accounting of interest including penal interest pending confirmation of balances by the lenders Refer Note 16.5 and on the company's inability to repay the lenders is referred to in Note 35 Of the financial statements and we have considered the same and reported the matter under <b>Material Uncertainty Related to Going Concern</b> section.</p>
4	<p><b>Contingent liabilities</b></p> <p>The Company has material uncertain issues under the contingent liabilities of which some issues are under arbitration and other issues pending at various forums which involves significant judgment to determine the possible outcome of these issues.</p> <p><b>Refer Note 38 of the Standalone financial statements</b></p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Obtained details of contingent liabilities as at March 31, 2020.</li> <li>• Obtained status of each of the matters under litigation from the legal department.</li> <li>• Review of Minutes of meetings of Board of Directors and Audit Committee.</li> <li>• Discussion with the legal department on the steps being taken and the possible impact on the accounts for the year based on current progress of the matter.</li> </ul> <p>Since the amounts involved are significant, an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (c) based on legal and other precedents in evaluating management's position on these matters.</p>

### 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 Annexures 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 thereon.

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.

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 and the shareholders.

### 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 responsible for overseeing the Company's financial reporting process.

### 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 scepticism 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 an 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.

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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) The Company is yet to receive written representations from the Directors and hence we are unable to comment on whether any of Directors are disqualified as on March 31, 2020 from being appointed as a director in terms of

Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

We report that the Minimum Remuneration paid to the Chairman and Managing Director in the earlier years in terms of their appointment is yet to be approved by some of the lenders as required by the Companies (Amendment) Act, 2017 in view of the defaults in payment of dues to lenders.

Further, we report that the for the year 2019-20 Minimum Remuneration paid to the Managing Director is yet to be approved by some of the lenders as required by the Companies (Amendment) Act, 2017 in view of the defaults in payment of dues to lenders.

- h) 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:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M BHASKARA RAO & Co**  
Chartered Accountants  
(Firm's Registration No. 000459S)

**D. Bapu Raghavendra**  
Partner

Hyderabad  
August 14, 2020

Membership No.213274  
UDIN: 20213274AAAACQ6435

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nagarjuna Fertilizers and Chemicals Limited of even date)

### i. In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some of the fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations furnished to us, and based on our review, title deeds of its immovable properties are not held in the name of the Company in respect of land to the extent of 340.11 acres in 104 cases, situated in Nellore District, Andhra Pradesh and , which is in the possession of the Company, pending registration of the titles thereto in its name and 5 acres which is located at Wargal village, Telangana, the possession of which is yet to be taken, title of seller being under dispute
- ii. According to the information and explanations furnished to us, in respect of the Company's inventories, physical verification of inventories at plants and warehouses has been conducted by the management at reasonable intervals during the year. In our opinion, having regard to the nature of its business and location of its stocks, the frequency of verification is reasonable. Further, the discrepancies noticed on such verification, between the physical stocks and the respective records were not material in relation to the size of operations of the Company and the same have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clause (a), (b) and (c) of paragraph 3(iii) of the Order does not arise.
- iv. According to the information and explanations furnished to us, the Company has not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties specified in Sections 185 and 186 of the Companies Act, 2013. However, the Company in respect of advances made in the earlier year to Nagarjuna Oil Refinery Limited, pursuant to the Composite Scheme of Arrangement and Amalgamation, has made a provision for doubtful advances and filed a petition u/s 7 of the IBC Code 2016 for recovery.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified. Accordingly, reporting under provisions of paragraph 3(v) of the Order does not arise.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Rules in force made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations furnished to us,
- (a) on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, GST, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have not been regularly deposited during the year by the Company with the appropriate authorities and there have been delays in few cases.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable

(b) Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added Tax which have not been deposited as on March 31, 2020 on account of dispute are as below:

Nature of Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax	Tax	32.15	2012-13	High court – AP & Telangana - Revenue Appeal
		102	2013-14	High court – AP & Telangana - Revenue Appeal
		174	2014-15	High court – AP & Telangana - Revenue Appeal High court – AP & Telangana
		36.31	2010-11&2011-12	High court – AP & Telangana- TDS on NR Payments u/s 195
	Disallow- ance of Expendi- ture	1,651.71	FY.2016- 2017(A.Y.2017-2018)	CIT - Appeals - Hyderabad
VAT & CST	Tax	7.92	2008-09	MH – VAT & CST
		0.78	2009-10	Ker – VAT
		6.93	2011-12	Ker – VAT
		139	2013-14	AP – CST
		463.72	2014-15	TN – VAT – WTG
		20.95	2015-16	AP – VAT
Central Excise	Tax	103	2009-10 & 2010-11 (Dec 2009 to July 2010)	CESTAT – Bangalore
Customs Duty	Tax	17.45	2010-11 to 2012-13	CESTAT – Chennai – SAD issue
				CESTAT – Vishakhapatnam – Customs Refund issue
		107	2011-12	CESTAT– Hyderabad-Demurrage Charges Issue
		44	2010-11 to 2013-14	
		1.88	2014-15	The Service Tax Demands were settled through “SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019” – SVLDRS 2019 by paying Rs. 6.57 lakhs.
Service Tax	Tax	18.74	2014-15 to 2017-18	The Service Tax Demands were settled through “SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019” – SVLDRS 2019 by paying Rs. 6.57 lakhs.
				The Service Tax Demands were settled through “SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019” – SVLDRS 2019 by paying Rs. 6.57 lakhs.
		6.15	2012-13 to 2015-16	The Service Tax Demands were settled through “SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019” – SVLDRS 2019 by paying Rs. 6.57 lakhs.
	<b>Total</b>	<b>2,933.69</b>		

viii. According to the information and explanations given to us, and based on the records examined by us, the Company has defaulted in respect of repayment of loans or borrowings to financial institutions, banks and government. Details are as under:

Particulars	Amount (Rs. in Lakhs) of default as at the Balance Sheet Date	Period of Default	Remarks if any
IDBI Bank	17,255.44	0-640 days	
SBI Bank	13,215.20	0-640 days	
ICICI Bank	3,189.44	0-456 days	
UCO Bank	481.59	0-549 days	
SBI Bank-Corporate Loan	3,181.95	0-640 days	
Department of Bio Technology	324.71	0-671 days	
<b>Total</b>	<b>37,648.33</b>		

The Company did not have any outstanding debentures as at the date of the balance sheet.

- ix.** According to the information furnished to us, during the year under report, the company did not have any moneys raised from Initial Public Offering or Further Public Offering, that remained to be applied for the purposes for which they were raised. Thus, reporting under Clause 3(ix) of the Order does not arise.
- x.** To the best of our knowledge and according to the information and explanations furnished to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi.** According to the information and explanations given to us and based on the records examined by us, We report that the Minimum Remuneration paid to the Chairman and Managing Director in the earlier years in terms of their appointment is yet to be approved by some of the lenders as required by the Companies (Amendment) Act, 2017 in view of the defaults in payment of dues to lenders.
- Further, we report that the for the year 2019-20 Minimum Remuneration paid to the Managing Director is yet to be approved by some of the lenders as required by the Companies (Amendment) Act, 2017 in view of the defaults in payment of dues to lenders.
- xii.** The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order does not arise.
- 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 Standalone Ind AS Financial Statements as required by the applicable Accounting Standards.

- xiv.** During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order does not arise.
- xv.** In our opinion and according to the information and explanations furnished to us, during the year, the Company has not entered into any non-cash transactions, to which the provisions of Section 192 Of the Companies Act 2013 apply, with its directors or persons connected with them.
- xvi.** In our opinion, based on the information and explanations furnished to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M BHASKARA RAO & Co**  
Chartered Accountants  
(Firm's Registration No. 000459S)

**D.Bapu Raghavendra**  
Partner  
Hyderabad  
August 14, 2020

**D.Bapu Raghavendra**  
Partner  
Membership No.213274  
UDIN: 20213274AAAACQ6435



## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(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 31, 2020 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### 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.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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, but the controls in respect of physical verification of inventory and its reconciliation, and receivables needs to be strengthened.

**For M BHASKARA RAO & Co**  
Chartered Accountants  
(Firm’s Registration No. 000459S)

**D.Bapu Raghavendra**  
Partner

Hyderabad  
August 14, 2020

Membership No.213274  
UDIN: 20213274AAAACQ6435

## Standalone Balance Sheet as at 31st March, 2020

₹ in Lakhs

	Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>				
<b>1</b>	<b>Non-Current Assets</b>			
	(a) Property, Plant and Equipment	3A	2,39,833.85	2,48,046.17
	(b) Capital work-in-progress	3B	2,827.23	2,794.32
	(c) Other Intangible Assets	4	-	-
	(d) Financial Assets			
	(i) Investments	5	-	1,346.17
	(ii) Loans	6	994.31	564.12
	(iii) Other Financial Assets	7	15.50	1.03
	(e) Other Non-Current Assets	9	152.49	86.11
	<b>Total Non-Current Assets</b>		<b>2,43,823.38</b>	<b>2,52,837.92</b>
<b>2</b>	<b>Current Assets</b>			
	(a) Inventories	10	10,524.59	10,276.52
	(b) Financial Assets			
	(i) Trade Receivables	11	1,22,647.86	83,150.23
	(ii) Cash and Cash Equivalents	12	4,895.18	5,620.14
	(iii) Bank Balances other than (ii) above	13	8,994.58	9,014.55
	(iv) Loans	6	3,312.72	3,779.75
	(v) Other Financial Assets	7	914.99	700.53
	(c) Current Tax Assets (Net)	8	680.88	945.09
	(d) Other Current Assets	9	6,078.60	6,042.32
	<b>Total Current Assets</b>		<b>1,58,049.40</b>	<b>1,19,529.13</b>
	<b>Total - Assets</b>		<b>4,01,872.78</b>	<b>3,72,367.05</b>
<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>			
	(a) Equity Share Capital	14	5,980.65	5,980.65
	(b) Other Equity	15	5,388.80	52,282.20
	<b>Total Equity</b>		<b>11,369.45</b>	<b>58,262.85</b>
	<b>Liabilities</b>			
<b>1</b>	<b>Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,042.42	3,266.02
	(ii) Other Financial Liabilities	17	7,708.76	7,852.86
	(b) Provisions	18	362.37	435.52
	(c) Deferred Tax Liabilities (Net)	19	30,895.50	34,138.24
	(d) Government Grants	20	1,041.61	1,389.52
	<b>Total Non-Current Liabilities</b>		<b>43,050.66</b>	<b>47,082.16</b>
<b>2</b>	<b>Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	21	1,47,850.25	1,29,297.03
	(ii) Trade Payables			
	(a) Micro Enterprises and Small Enterprises	22	135.37	201.07
	(b) Other than Micro Enterprises and Small Enterprises	22	1,30,965.64	74,678.79
	(iii) Other Financial Liabilities	23	66,311.19	60,586.48
	(b) Other Current Liabilities	24	1,421.90	1,356.84
	(c) Government Grants	20	347.91	347.91
	(d) Provisions	18	420.41	553.92
	<b>Total Current Liabilities</b>		<b>3,47,452.67</b>	<b>2,67,022.04</b>
	<b>Total Liabilities</b>		<b>3,90,503.33</b>	<b>3,14,104.20</b>
	<b>Total Equity and Liabilities</b>		<b>4,01,872.78</b>	<b>3,72,367.05</b>
	<b>Corporate Information and Significant Accounting Policies</b>	1 & 2		

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

For and on behalf of the Board

## Standalone Statement of Profit and Loss for the year ended 31st March, 2020

₹ in Lakhs

Particulars	Note	Year ended March 31, 2020		Year ended March 31, 2019	
<b>Income</b>					
<b>Revenue from Operations</b>	25				
Sale of Products (including Subsidy)		1,69,310.99		1,91,118.10	
Sale of Services		1,101.23		2,819.91	
Other Operating Revenues		39.21	1,70,451.43	96.75	1,94,034.76
Other Income	26		2,898.39		2,646.88
<b>Total</b>			<b>1,73,349.82</b>		<b>1,96,681.64</b>
<b>Expenses</b>					
Cost of Materials Consumed	27		78,562.41		70,942.12
Purchase of Stock-in-Trade	28		1,395.01		25,855.60
Changes in inventories of finished goods, stock-in-trade and work in progress	29		(501.13)		3,548.50
Power and Fuel			70,123.06		59,994.56
Employee Benefits Expense	30		10,532.74		15,744.92
Finance Cost	31		32,879.38		30,799.47
Depreciation and Amortization Expense	32		8,213.49		8,883.02
Other Expenses	33		22,725.95		31,716.79
<b>Total</b>			<b>2,23,930.91</b>		<b>2,47,484.98</b>
Loss before exceptional items and tax			<b>(50,581.09)</b>		<b>(50,803.34)</b>
Exceptional Items	34		-		<b>1,885.95</b>
Loss before tax			<b>(50,581.09)</b>		<b>(52,689.29)</b>
Tax Expense					
(a) Current Tax			-		-
(b) Adjustments relating to earlier years			77.52		-
(c) Deferred Tax	19		(3,423.56)		(3,616.44)
Loss after tax			<b>(47,235.05)</b>		<b>(49,072.85)</b>
<b>Other Comprehensive Income</b>					
A (i) Items that will not be reclassified to profit or loss					
Re-measurement gains /(losses) on defined benefit plans			522.46		12.91
(ii) Income tax relating to these items			(180.81)		(4.47)
B (i) Items that will be reclassified to profit or loss			-		-
(ii) Income tax relating to these items			-		-
Total Other Comprehensive income, net of tax			<b>341.65</b>		<b>8.44</b>
Total Comprehensive income for the year			<b>(46,893.40)</b>		<b>(49,064.41)</b>
Earnings per equity share of face value of ₹ 1/- each					
Basic and Diluted	46		(7.90)		(8.21)
Corporate Information and Significant Accounting Policies	1 & 2				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Babu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**

Managing Director

**Uday Shankar Jha**

Chairman

For and on behalf of the Board

## Statement of Change in Equity for the year ended 31st March, 2020

### (a) Equity Share Capital

Particulars	No.	₹ in Lakhs
Equity shares of ₹ 1 each issued, subscribed and fully paid		
At April 1, 2018	5,98,065,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
At March 31, 2019	5,98,065,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
At March 31, 2020	5,98,065,003	5,980.65

### (b) Other equity

₹ in Lakhs

Particulars	Reserve and Surplus					Total
	Capital Reserve	Security premium	Debenture redemption reserve	General reserve	Retained Earnings	
As at April 01, 2018 (Refer Note 15)	51,853.85	1,09,619.35	-	13,379.72	(73,506.31)	1,01,346.61
Loss for the year					(49,072.85)	(49,072.85)
Other Comprehensive Income					8.44	8.44
Total Comprehensive Income	-	-	-	-	(49,064.41)	(49,064.41)
As At March 31, 2019	51,853.85	1,09,619.35	-	13,379.72	(1,22,570.72)	52,282.20
Loss for the year					(47,235.05)	(47,235.05)
Other Comprehensive Income					341.65	341.65
Total Comprehensive Income	-	-	-	-	(46,893.40)	(46,893.40)
As At March 31, 2020	51,853.85	1,09,619.35	-	13,379.72	(1,69,464.12)	5,388.80

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**for M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

For and on behalf of the Board

**D. Babu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**

Managing Director

**Uday Shankar Jha**

Chairman



## Standalone Cash Flow Statement for the year ended March 31st, 2020

₹ in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(50,581.09)	(52,689.29)
<i>Adjustments:</i>		
Depreciation and Amortisation	8,213.49	8,883.02
Provision for Impairment	-	1,493.67
Provision for Doubtful Debts / Advances	1,607.23	2,404.68
Finance Cost	32,879.38	30,799.47
Provision/write off for Diminution in value of Investments	1,346.17	450.00
Deferred government grant	(347.91)	(347.91)
Profit / Loss on sale of assets / assets discarded / assets decapitalised	(42.23)	311.22
Operating Profit before working capital changes	(6,924.96)	(8,695.14)
<i>Movements in working capital:</i>		
Increase/(decrease) in trade payables	56,073.56	(60,588.33)
Increase/(decrease) in long term provisions	449.31	(81.67)
Increase/(decrease) in short term provisions	(133.51)	228.59
Increase/(decrease) in other current liabilities	65.06	(459.06)
Increase/(decrease) in other current financial liabilities	(1,230.74)	3,028.51
Increase/(decrease) in other long term liabilities	(144.10)	38.25
Decrease/(increase) in trade receivables	(41,104.86)	86,121.35
Decrease/(increase) in inventories	(248.07)	4,250.39
Decrease/(increase) in long term loans and advances	(430.19)	2,180.33
Decrease/(increase) in short term loans and advances	467.03	(2,356.54)
Decrease/(increase) in other current assets	(36.28)	1,973.83
Decrease/(increase) in other financial assets	(214.46)	62.18
Decrease/(increase) in other non current assets	6.84	3.38
Cash generated from operations	6,594.63	25,706.06
Direct Taxes Paid (net of refunds)	186.69	(280.72)
<b>Net Cash Flow from (used) in operating activities</b>	<b>6,781.32</b>	<b>25,425.34</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP / Capital advances	(111.65)	(1,328.09)
Margin Money Deposits	5.50	(3,104.16)
Proceeds from Sale of fixed assets	46.58	24.46
<b>Net Cash Flow from / (used) in investing activities</b>	<b>(59.57)</b>	<b>(4,407.79)</b>
<b>C. Cash Flow from Financing activities</b>		
Repayment of long term borrowings	(632.24)	(4,929.59)
Finance Costs paid (Refer Note 31.1)	(9,444.26)	(25,531.36)
Dividend Paid (Refer Note 23.2)	(278.55)	(234.85)
<b>Net Cash Flow from (used) in financing activities</b>	<b>(10,355.05)</b>	<b>(30,695.80)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(3,633.30)</b>	<b>(9,678.24)</b>
<b>Cash and Cash Equivalents as at beginning of the year</b>	<b>(1,11,387.56)</b>	<b>(1,01,709.32)</b>
<b>Cash and Cash Equivalents as at end of the year</b>	<b>(1,15,020.86)</b>	<b>(1,11,387.56)</b>

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**  
Company Secretary

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

For and on behalf of the Board

**Notes:**

₹ in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash and Cash Equivalents comprises of		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	-	278.55
Others (Refer Note 12.1)	4,879.26	4,656.29
Cheques, drafts on hand	-	300.09
Cash on hand	15.92	385.21
Cash and Cash Equivalents (Refer Note 12)	4,895.18	5,620.14
Less: Cash Credit (Refer Note 21)	1,19,916.04	1,17,007.70
Cash and Cash Equivalents in Cash Flow Statement	(1,15,020.86)	(1,11,387.56)

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**for M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

For and on behalf of the Board

## Notes forming part of the financial statements for the year ended March 31, 2020

### 1. Corporate Information

The company is a public listed company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on The Bombay Stock Exchange and The National Stock Exchange Of India, the two recognised stock exchanges in India. The registered office of the company is located at D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

The Company is principally engaged in the business of manufacturing and marketing Fertilizers, Micro Irrigation Equipments and Agri Informatic Services.

### 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) on accrual basis and under the historical cost convention except for Derivative financial instruments and certain financial instruments which are measured at fair value, pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amended Rules, 2016.

The Financial Statements are presented in INR and all values are rounded to two decimals to the nearest lakhs, except when otherwise indicated.

#### 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 30
- ii. Recognition of deferred tax asset/Liability- Note 19
- iii. Fair Value Measurement of financial Instruments - Note 41 & 42
- iv. Recognition of subsidy income - Note 25.1
- v. Provision for doubtful trade receivables

#### 2.3. Current versus non-current classification

Any 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 ascertained 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

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 a 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:

## Notes forming part of the financial statements for the year ended March 31, 2020

- 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 materials are as follows:

- Raw materials and Traded Products: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes 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 –

- 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.

Work-in-process, raw materials, 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 equivalent 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.

## Notes forming part of the financial statements for the year ended March 31, 2020

### 2.9. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### Financial assets

##### Initial recognition

On initial recognition, financial assets are recognised at fair value. Transaction cost that are directly attributable acquisition of financial assets that are not at fair value through profit and loss (FVTPL) are added to fair value on initial recognition.

##### 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 (FVTOCI)”

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.

##### 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 election 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 FVTOCI.

Fair value changes excluding dividends, on an equity instrument measured at FVTOCI 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.

##### 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 at the transfer qualifies for de-recognition under IND AS 109.

##### Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. 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.

##### Impairment:

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials 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.

#### Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

##### 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.

##### 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.



## Notes forming part of the financial statements for the year ended March 31, 2020

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.

### Derecognition:

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

### 2.10. 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 and 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.

### 2.11. 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.

### 2.12. 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.

### 2.13. 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 estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

**Notes forming part of the financial statements for the year ended March 31, 2020**

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.

**2.14. 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 is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue is net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf third parties.

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:**

Group Concession Price under Group Concession Scheme (GCS) and Equated 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.

**2.15. Employee benefits****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.

**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.

## Notes forming part of the financial statements for the year ended March 31, 2020

### 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.

### 2.16. Taxes

#### Current income tax

Income tax expense is recognised in the Statement of Profit and 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.

#### 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.

### 2.17. 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.

### 2.18. Leases

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. 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.

**Notes forming part of the financial statements for the year ended March 31, 2020**

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.

**2.19. 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.

**2.20. 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.

**2.21. Foreign currency transactions**

The Company's Financial Statements are presented in 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).

**2.22. 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.

**2.23. 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.

**2.24. 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.

## Notes forming part of the financial statements for the year ended March 31, 2020

## 3A. Property, Plant and Equipment and 3B: Capital Work in Progress

₹ in Lakhs

Particulars	Land	Buildings	Plant and Equipments	Furniture, Fixtures & Office Equipment	Vehicles	Roads, Drains & Culverts	Railway Siding	Total	Capital Work in Progress
<b>Gross Block at Cost</b>									
At April 1, 2019	116,027.76	12,873.46	151,203.64	1,638.04	155.42	132.14	46.63	282,077.09	2,794.32
Additions	-	-	4.90	0.62	-	-	-	5.52	38.44
Disposals	-	-	2,424.28	259.61	63.07	-	-	2,746.96	5.53
<b>As At Mar 31, 2020</b>	<b>116,027.76</b>	<b>12,873.46</b>	<b>148,784.26</b>	<b>1,379.05</b>	<b>92.35</b>	<b>132.14</b>	<b>46.63</b>	<b>279,335.65</b>	<b>2,827.23</b>
<b>Depreciation</b>									
At April 1, 2019	-	3,046.77	29,855.37	978.20	106.44	44.14	-	34,030.92	-
Charge for the period	-	762.16	7,256.42	175.49	10.26	9.16	-	8,213.49	-
Disposals	-	-	2,421.89	259.58	61.14	-	-	2,742.61	-
<b>As At Mar 31, 2020</b>	<b>-</b>	<b>3,808.93</b>	<b>34,689.90</b>	<b>894.11</b>	<b>55.56</b>	<b>53.30</b>	<b>-</b>	<b>39,501.80</b>	<b>-</b>
<b>Net Block</b>									
<b>As At Mar 31, 2020</b>	<b>116,027.76</b>	<b>9,064.53</b>	<b>114,094.36</b>	<b>484.94</b>	<b>36.79</b>	<b>78.84</b>	<b>46.63</b>	<b>239,833.85</b>	<b>2,827.23</b>
As at Mar 31, 2019	116,027.76	9,826.69	121,348.27	659.84	48.98	88.00	46.63	248,046.17	2,794.32

## 3A.1. Land &amp; Buildings

- Includes 5 acres, the possession of which is yet to be taken, title of seller being under dispute.
- Excludes value of 33.35 acres which is located at Kakinada Plant site, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained, and hence pending registration of title in the name of the Company.
- Excludes value of 14.06 acres located at Kakinada Plant site, 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 value of 340.11 acres (104 cases) located at Nellore in possession of the Company pending registration.

## 3A.2. Refer Note 16.1 to 16.3 for details of assets pledged with lenders.

## 4. Other Intangible Assets

₹ in Lakhs

Particulars	Trade Marks and Services	Total
<b>Gross Block at Cost</b>		
At April 1, 2019	2,948.40	2,948.40
Additions	-	-
Disposals	-	-
<b>As At Mar 31, 2020</b>	<b>2,948.40</b>	<b>2,948.40</b>
<b>Amortisation</b>		
At April 1, 2019	2,948.40	2,948.40
Charge for the period	-	-
Disposals	-	-
<b>As At Mar 31, 2020</b>	<b>2,948.40</b>	<b>2,948.40</b>
<b>Net Block</b>		
<b>As At Mar 31, 2020</b>	<b>-</b>	<b>-</b>
As at Mar 31, 2019	-	-



## Notes forming part of the financial statements for the year ended March 31, 2020

## 5. Investments - Unquoted (At Cost)

₹ in Lakhs

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Long Term</b>				
<b>In Subsidiaries</b>				
In Equity Shares of Rs.10/- each fully paid up Jaiprakash Engineering and Steel Company Limited (Refer Note 5.1 and 5.2)	22,561,693	2,256.17	22,561,693	2,256.17
<b>Total - (A)</b>		<b>2,256.17</b>		<b>2,256.17</b>
<b>In Associates</b>				
In Equity Shares of Rs.10/- each fully paid up Nagarjuna Agricultural Research and Development Private Limited	25,020	2.50	25,020	2.50
KVK Raju International Leadership Limited	1,50,000	15.00	1,50,000	15.00
<b>Total - (B)</b>		<b>17.50</b>		<b>17.50</b>
<b>Total - (A+B)</b>		<b>2,273.67</b>		<b>2,273.67</b>
Less: Provision for diminution				
In Subsidiaries		2,256.17		910.00
In Associates		17.50		17.50
<b>Total</b>		-		<b>1346.17</b>
Aggregate amount of Quoted Investments		-		-
Aggregate amount of Un-Quoted Investments		2,273.67		2,273.67
Aggregate amount of impairment in value of Investments		2,273.67		927.50

5.1. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of Rs.3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 388.70 acres of land (Previous year 388.70 acres of land), the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2020.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

The Government of Karnataka has passed order No. CI 175 SPI 2011 Dt. 11-11-2013 cancelling the Land Allotment made to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition challenging the Order of the Govt. of Karnataka and the Hon'ble High Court of Karnataka has prohibited the Govt. of Karnataka from dispossessing the land in possession of the Company. The High Court of Karnataka on April 23, 2018 has lifted the stay and permitted the Government of Karnataka from taking possession of 160 acres of land from the Company for handing over the same to prospective applicants. JESCO filed Writ appeal against this modified order. JESCO's Writ Application was disposed. JESCO had filed a fresh W.P in 2019 challenging the allotment of 160 Acres in the Hon'ble Karnataka High Court and yet to be listed.

The stay of the High Court of Karnataka in relation to dis-possession of land in the possession of the Company for 388.70 acres continues.

Pending crystallization of plans and considering the above said developments, the Financial Statements of JESCO, for the year have been prepared on going concern basis, notwithstanding the project initially planned been shelved.

In view of the above, management is of the opinion that an additional provision of Rs.1346.17 Lakhs be made in addition to the existing provision of Rs.910 lakhs totaling to an amount of Rs.2,256.17 Lakhs as of March 31, 2020.

5.2. These shares were pledged in favour of Banks / Financial Institutions for the term loans availed by the Company, which are repaid in full awaiting release of pledge.

## Notes forming part of the financial statements for the year ended March 31, 2020

## 6. Loans

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>6.1 Loans (Unsecured, considered good)</b>				
Security Deposits	994.31	564.12	55.97	523.90
Deposit - Electricity Duty (Refer Note 6.1.1)			3,255.85	3,255.85
<b>6.2 Loans (Unsecured, credit impaired)</b>				
Security Deposits	-	15.00	-	-
Loans and advances to related parties	-	-	1,886.85	1,885.95
Loans to Employees	-	-	-	3.41
	994.31	579.12	5,198.67	5,669.11
Less: Provision for Doubtful advances	-	15.00	1,885.95	1,889.36
<b>Total</b>	<b>994.31</b>	<b>564.12</b>	<b>3,312.72</b>	<b>3,779.75</b>

**6.1.1.** The Company received a demand for an amount of Rs 5,426.41 Lakhs from the Director Electrical safety and Chief Electrical inspectors towards electricity duty on captive power generation @ 25 Paise per unit for the period of March 2003 to May 2013. The company filed a Writ Petition against the State Government of Andhra Pradesh and Chief Electrical Officer in relation to payment of Electricity duty @ rate of 25 Ps per unit stating the very concept of the setting up of Captive Power Plant will be defeated by this additional levy. The High Court of Andhra Pradesh dismissed the appeal filed by the Company. The Company filed an SLP No.23005 / 2016 in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court directed the Company to pay duty @ 6 Paise and @ 9 paise per unit accordingly the Company paid the amount. Matter is pending in Hon'ble Supreme court of India.

**6.2.1.** The Company has filed a petition u/s 7 of the IBC Code 2016 for recovery, and hence the amount is provided (refer note no 34)

## 7. Other Financial Assets

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Non current Margin Money Deposits	15.50	1.03	-	-
Interest Accrued on Deposits and advances	-	-	773.06	247.96
Unbilled Revenue	-	-	139.20	437.63
Claims receivable	-	-	2.73	14.94
<b>Total</b>	<b>15.50</b>	<b>1.03</b>	<b>914.99</b>	<b>700.53</b>

## 8. Current Tax Assets (Net)

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Current tax Assets</b>		
Advance Income Tax	686.72	993.53
<b>Current tax liabilities</b>		
Provision for Income tax	5.84	48.44
<b>Total (Net)</b>	<b>680.88</b>	<b>945.09</b>

## 9. Other Assets

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Capital Advances</b>				
Secured (considered good)	50.00	50.00	-	-
Unsecured (considered good)	96.14	22.92	-	-
<b>Total - (A)</b>	<b>146.14</b>	<b>72.92</b>	-	-
Advance Recoverable in Cash or in Kind	-	-	-	-
- Unsecured (considered good)	-	-	5,217.84	5,744.29
- Unsecured (considered doubtful)	-	-	362.11	362.11
	-	-	5,579.95	6,106.40
Less: Provision for Doubtful advances	-	-	362.11	362.11
<b>Total - (B)</b>	-	-	<b>5,217.84</b>	<b>5,744.29</b>
Prepaid Expenses	6.35	13.19	605.60	219.90
Gratuity fund - excess of plan assets over liability	-	-	232.65	55.62
Balance with Customs Authorities	-	-	22.51	22.51
<b>Total - (C)</b>	<b>6.35</b>	<b>13.19</b>	<b>860.76</b>	<b>298.03</b>
<b>Total - (A+B+C)</b>	<b>152.49</b>	<b>86.11</b>	<b>6,078.60</b>	<b>6,042.32</b>

## Notes forming part of the financial statements for the year ended March 31, 2020

## 10. Inventories

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
Raw materials	444.51	490.24
Work in process	302.71	188.87
Finished Goods - Manufactured goods	5,517.92	3,478.95
Stock In Transit - Manufactured goods	627.54	689.66
Traded goods	1,225.83	2,810.69
Stock In Transit - Traded goods	6.66	11.36
Packing materials	224.04	382.04
Stores and Spares	2,167.67	2,217.17
Loose tools	7.71	7.54
<b>Total</b>	<b>10,524.59</b>	<b>10,276.52</b>

## 11. Trade Receivables: (Unsecured) (Refer Note 11.1 and 11.2)

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
Debts outstanding		
Considered good	1,20,775.35	81,274.14
Which have significant increase in Credit Risk	2,930.69	2,125.33
Credit Impaired	3,666.72	2,868.43
	1,27,372.76	86,267.90
Less: Provision for doubtful debts	4,724.90	3,117.67
<b>Total</b>	<b>1,22,647.86</b>	<b>83,150.23</b>

11.1. Includes subsidy and other dues Rs. 1,12,083.54 Lakhs (Previous Year Rs. 62,346.25 Lakhs) from Government of India and Rs. 9,251.09 Lakhs (Previous Year Rs. 13,787.29 Lakhs) from State Governments.

11.2. The subsidy is credited to an Escrow Account maintained with IDBI Bank. GAIL has a first preference as per Escrow Agreement between GAIL, NFCL & IDBI which was valid till 30.06.2020. Based on the Office Memorandum issued by Dept of Fertilizers, on receipt of amount subsidy, 55% of the credit is transferred to GAS Pool Fund Account and balance 45% is transferred to NFCL Operations and NFCL intum pays to GAIL.

Department of Fertilizers (DOF) has revised the Office Memorandum on subsidy sharing mechanism vide No 12012/30/2013-FPP dated 20.05.2020, to transfer 60% of subsidy to Gas Pool Fund Account and 40% to NFCL for its operations. On NFCL share, GAIL has a first preference as per Escrow Agreement between GAIL, NFCL & IDBI which is amended on 18.7.2020 with validity till 30.06.2021.

## 12. Cash and Cash Equivalents

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Balances with Banks</b>		
In Current Accounts		
Unclaimed Dividend - Earmarked accounts	-	278.55
Others (Refer Note 12.1)	4,879.26	4,656.29
Cheques, drafts on hand	-	300.09
Cash on hand	15.92	385.21
<b>Total</b>	<b>4,895.18</b>	<b>5,620.14</b>

12.1. Includes Rs 2,000.00 Lakhs earmarked for Key trade case as per the order of High Court of Telangana dated April 23, 2019.

## 13. Other Bank Balances

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Earmarked balances with Banks in Deposit Accounts</b>		
Margin Money Deposits	8,994.58	9,014.55
<b>Total</b>	<b>8,994.58</b>	<b>9,014.55</b>

## 14. Share Capital

₹ in Lakhs

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 1/- each	6,210,000,000	62,100.00	6,210,000,000	62,100.00
Preference Shares of ₹ 1/- each	1,800,000,000	18,000.00	1,800,000,000	18,000.00
<b>Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹ 1/- each	598,065,003	5,980.65	598,065,003	5,980.65

## Notes forming part of the financial statements for the year ended March 31, 2020

### 14.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Equity Shares of ₹ 1/- each</b>				
Balance at the beginning of the year	598,065,003	5,980.65	598,065,003	5,980.65
Balance at the end of the year	<b>598,065,003</b>	<b>5,980.65</b>	<b>598,065,003</b>	<b>5,980.65</b>

### 14.2. Rights, Preferences and Restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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 creditors. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 14.3. Details of shareholders holding more than 5% of the Shares

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity Shares of ₹ 1/- each</b>				
Amlika Mercantile Private Limited	2,96,072,140	49.51	2,96,072,140	49.51
Zuari Agro Chemicals Limited	32,267,741	5.40	32,267,741	5.40

### 14.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of Rs. 1/- each (aggregating to Rs. 5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

## 15. Other Equity

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Capital Reserve</b>		
Opening Balance	51,853.85	51,853.85
Add: Reversal of capital reserve on account of consolidation	-	-
Closing Balance	<b>51,853.85</b>	<b>51,853.85</b>
<b>Securities Premium</b>		
Opening Balance	1,09,619.35	1,09,619.35
Add: On allotments during the year	-	-
Closing Balance	<b>1,09,619.35</b>	<b>1,09,619.35</b>
<b>General Reserve</b>		
Opening Balance	13,379.72	13,379.72
Add: Transfer from Debenture Redemption Reserve	-	-
Closing Balance	<b>13,379.72</b>	<b>13,379.72</b>
<b>Retained Earnings</b>		
Opening Balance	(1,22,570.72)	(73,506.31)
Add: Loss after tax for the year	(47,235.05)	(49,072.85)
Items of other comprehensive income directly recognised in retained earnings		
- Remeasurement of post employment benefit obligations, net of tax	341.65	8.44
Closing Balance	<b>(1,69,464.12)</b>	<b>(1,22,570.72)</b>
Total	<b>5,388.80</b>	<b>52,282.20</b>

### Nature and purpose of reserves

- 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.
- 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.
- General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.
- Retained Earnings: Retained earnings are the profits earned or loss incurred by the Company till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

## Notes forming part of the financial statements for the year ended March 31, 2020

## 16. Borrowings

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>Term Loans (Secured)</b>				
From Banks (Refer Note 16.1)	-	-	22,853.24	36,016.99
From Others (Refer Note 16.2)	29.33	39.50	15.71	87.71
Corporate Loan (Secured) (Refer Note 16.3)	-	-	-	1,198.24
Deferred Payment Liabilities (Unsecured) (Refer Note 16.4)				
Sales tax Deferral	3,013.09	3,226.52	525.10	610.32
<b>Total</b>	<b>3,042.42</b>	<b>3,266.02</b>	<b>23,394.05</b>	<b>37,913.26</b>
The above amount includes:				
Secured Borrowings	29.33	39.50	22,868.95	37,302.94
Unsecured Borrowings	3,013.09	3,226.52	525.10	610.32
Amount disclosed under the head	-	-	(23,394.05)	(37,913.26)
Other Financial Liabilities (Refer Note 23)				
<b>Total</b>	<b>3,042.42</b>	<b>3,266.02</b>	-	-

## 16.1. Working Capital Term Loan: In Rupees from Banks

16.1.1. Working Capital Term loans from banks together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future ranking pari-passu, inter se, those lenders other than those mentioned in Note 16.2 and 16.3. Charge created through an equitable mortgage by deposit of title deeds of immovable property(except some land parcel) of the Company.
- a first charge on the current assets of the Company ranking pari-passu, inter se, the lenders.
- Pledge, on pari passu basis, a portion of their shares in the company by it's core promoter\*.

16.1.2. Also personally guaranteed by Shri K.S.Raju and Shri K Rahul Raju\*.

16.1.3. The details of rate of interest and repayment of above Working Capital Term Loans are as follows:

S.No.	Bank	Rate of Interest %	Balance as on March 31, 2020 Rs. in Lakhs	Repayment Schedule		
				Number of Instalments	Frequency	Commencing from
a)	IDBI Bank Limited	BBR +3.00	21,800.00	23	Quarterly	Jul-16
b)	State Bank of India	MCLR+4.10	16,648.24	23	Quarterly	Jul-16
c)	ICICI Bank Limited	I-MCLR+4.35	5,460.00	23	Quarterly	Jul-16
d)	UCO Bank	SBI Base rate + 4.50	1,007.50	23	Quarterly	Jul-17
	<b>Total</b>		<b>44,915.74</b>			

16.1.4. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2020		March 31, 2019	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
IDBI Bank Limited	0-640 days	11,900.00	0-274 days	5,100.00
State Bank of India	0-640 days	7,770.00	0-274 days	3,330.00
ICICI Bank Limited	0-456 days	2,100.00	0-90 days	420.00
UCO Bank	0-549 days	292.50	0-91 days	48.75
<b>Interest</b>				
IDBI Bank Limited	0-579 days	5,355.44	0-274 days	2,658.49
State Bank of India	0-640 days	5,445.20	0-274 days	2,191.79
ICICI Bank Limited	0-457 days	1,089.44	0-152 days	378.86
UCO Bank	0-426 days	189.09	0-60 days	32.11

\*The personal guarantees and share pledge were agreed to for the CAP loans assessed by lenders for rectification.

## 16.2. Term Loans – In Rupees from Others

16.2.1. The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.



**Notes forming part of the financial statements for the year ended March 31, 2020**

**16.2.2.** Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2020	Repayment Schedule
Department of Bio Technology	2	216.00	10 Semi annual Instalments commencing from October 31, 2014
Department of Bio Technology	2	16.00	10 Semi annual Instalments commencing from June 30, 2014
Department of Bio Technology	2	68.60	10 Semi annual Instalments commencing from Oct 18, 2018

**16.2.3.** Details of default in repayment of Term Loans and Interest, as at the period end, are:

₹ in Lakhs

Name	March 31, 2020		March 31, 2019	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
Department of Bio Technology	0-671 days	255.56	0-305 days	167.85
<b>Interest</b>				
Department of Bio Technology	0-671 days	69.15	0-305 days	33.93

**16.3. Corporate Loan**

**16.3.1.** Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking paripassu with other banks in the consortium and collateral security on the Company's immoveable properties ranking pari-passu with working capital lenders. Further, secured by personal guarantee of Shri K.S.Raju.

**16.3.2.** Details of rate of interest and repayment are as under.

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2020	Repayment Schedule		
			Number of Instalments	Frequency	Commencing from
State Bank of India	MCLR+5.10	2,398.24	20	Quarterly	Dec-14

**16.3.3.** Details of default in repayment of Term Loans and interest, as at the period end, are:

₹ in Lakhs

Name	March 31, 2020		March 31, 2019	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
State Bank of India	0-640 days	2,398.24	0-274 days	1,200.00
<b>Interest</b>				
State Bank of India	0-640 days	783.71	0-274 days	311.42

**16.4. Sales Tax Deferral**

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2020 is Rs.5,005.23 Lakhs (Previous Year Rs.5637.47 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012.

The Company has defaulted in payment of installment of Rs.610.32 Lakhs for a period of 12 days as at the year end.

**16.5.** The Company has continued to default on repayment of principal and interest during the year on the borrowings from various lenders on account of continued losses and the lenders have accordingly classified the company's account as NPA in the financial year 2018-19.

The company is in discussion with the lenders for a debt resolution plan. However, the lenders continued to support the company and have initially permitted 'Holding on Operations' (HOO) from December 2018 which has facilitated operations of one Urea Plant from December 2018 till the end of the current financial year.

Pending completion of the resolution plan and pending receipt of confirmation of balances from various lenders, the Company has accounted for the interest / penal interest during the year based on the prevailing rate of interest and internal working.

Adjustments, if any, for the interest and penal interest accounted will be dealt on completion and on the outcome of Resolution Plan.

## Notes forming part of the financial statements for the year ended March 31, 2020

**17. Other Financial Liabilities (Non-current)**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Deposits from dealers	7,466.04	7,561.46
Other Deposits - (Retention, EMD etc.)	242.72	291.40
<b>Total</b>	<b>7,708.76</b>	<b>7,852.86</b>

**18. Provisions**

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Provision for employee benefits (Refer Note 30.1)				
- for Leave Benefit (net of plan assets)	362.37	435.52	420.41	553.92
<b>Total</b>	<b>362.37</b>	<b>435.52</b>	<b>420.41</b>	<b>553.92</b>

**19. Deferred Tax Liabilities (Net)**

Deferred Tax Liability as at year end comprises the following:

₹ in Lakhs

Particulars	Nature	31st March, 2020	31st March, 2019
On account of -			
Depreciation / amortization	Liability	39,703.35	41,961.25
Land	Liability	2,968.28	2,968.28
Employee benefit provision	Asset	273.54	345.75
Unabsorbed Loss and Depreciation under tax laws	Asset	11,322.02	10,252.09
Government grant	Asset	180.57	193.45
<b>Total</b>	<b>Net Liability</b>	<b>30,895.50</b>	<b>34,138.24</b>
Charge / (Credit) for the year		(3,242.74)	

The Company has presently opted to consider the existing tax rate of 34.94% for deferred tax calculations for the FY 2019-20 and review the same in the ensuing accounting periods based on tax liability.

**20. Government Grant**

₹ in Lakhs

Particulars	Non Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Government Grant related to				
- Sales tax deferral (Refer Note 16.4)	1,031.00	1,374.66	343.67	343.67
- Loan from Dept. Bio-Technology (Refer Note 16.2)	10.61	14.86	4.24	4.24
<b>Total</b>	<b>1,041.61</b>	<b>1,389.52</b>	<b>347.91</b>	<b>347.91</b>

**21. Borrowings (Current)**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Loans repayable on demand		
Secured (Refer Note 21.1 and 21.2)		
From Banks		
Cash Credit	1,19,916.04	1,17,007.70
Short Term Loan	6,974.02	7,121.62
Interest Accrued - CC Account	20,960.19	5,167.71
<b>Total</b>	<b>1,47,850.25</b>	<b>1,29,297.03</b>

**21.1.** Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares), present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are personally guaranteed by Shri K.S.Raju and personal guarantee of Shri. K Rahul Raju to some of the banks\*.

**21.2.** Over due Interest as on 31.03.2020 represents Rs 28,938.25 Lakhs on short term borrowings (previous year Rs.10,263.03 Lakhs) after adjustment of cut back amount of Rs. 1,194.43 lakhs

\*The personal guarantee was agreed to for the CAP loans assessed by lenders for rectification.

## Notes forming part of the financial statements for the year ended March 31, 2020

**22. Trade Payables**

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
Trade Payables - Other than Acceptances		
(A) Micro, Small, Medium Enterprises (MSMEs)	135.37	201.07
(B) Other than MSMEs	1,30,965.64	74,678.79
<b>Total</b>	<b>1,31,101.01</b>	<b>74,879.86</b>

22.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
A. Principal amount remaining unpaid	135.37	201.07
B. Interest due thereon	12.24	14.79
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.	Nil	Nil
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.	Nil	27.00
E. Interest accrued and remaining unpaid	12.24	41.79
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.	Nil	Nil

**23. Other Financial Liabilities (Current)**

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Financial Liabilities at amortised cost</b>		
Current maturities of long term debt (Refer Note 16)	23,394.06	37,913.27
Interest accrued and due (Refer Note 23.1)		
In Rupees from Banks (Refer Note 16.1.4)	12,079.17	5,261.25
In Rupees from Others (Refer Note 16.2.3)	69.15	33.93
Corporate Loan (Refer Note 16.3.3)	783.71	311.42
Unclaimed Dividends (Refer Note 23.2)	-	278.55
Overdue Term Loans		
In Rupees from Banks (Refer Note 16.1.4)	22,062.50	8,898.75
In Rupees from Others (Refer Note 16.2.3)	255.56	167.85
Corporate Loan (Refer Note 16.3.3)	2,398.24	1,200.00
Overdue Deferred Payment Liabilities (Refer Note 16.4)	610.32	632.24
<b>Other payables</b>		
Deposits	357.01	209.51
Others	2,769.66	3,470.01
Payable on purchase of fixed assets	1,531.81	2,209.70
<b>Total</b>	<b>66,311.19</b>	<b>60,586.48</b>

23.1. Over due Interest as on 31.03.2020 represents Rs 12,862.88 Lakhs on term loans (previous year Rs. 5,572.67 Lakhs) after adjustment of cut back amount Rs. 1,235.25 Lakhs.

23.2. The Company has transferred the balance amount lying in unclaimed dividend account which was more than seven years from the date of declaration of dividend to the Investor Education Protection Fund (IEPF) administered by the Central Government.

**24. Other Current Liabilities**

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
Other payables		
Statutory Payables	1,421.90	1,356.84
<b>Total</b>	<b>1,421.90</b>	<b>1,356.84</b>

## Notes forming part of the financial statements for the year ended March 31, 2020

## 25. Revenue from Operations

₹ in Lakhs

Particulars	2019-20	2018-19
<b>Sales, including Subsidy on products</b>		
<b>Manufactured goods</b>		
Urea (Refer Note 25.1) *	1,59,946.06	1,40,807.69
Customised Fertilizers	1,719.21	2,356.48
Extruded Irrigation systems	4,974.66	17,675.60
<b>Total - A</b>	<b>1,66,639.93</b>	<b>1,60,839.77</b>
<b>Traded goods</b>		
Pool Urea \$	1,803.35	17,593.56
Specialty Fertilizers	374.69	7,090.48
Others	493.02	5,594.29
<b>Total - B</b>	<b>2,671.06</b>	<b>30,278.33</b>
<b>Sale of Products</b>		
<b>Total - (A+B)</b>	<b>1,69,310.99</b>	<b>1,91,118.10</b>
<b>Sale of Services</b>	<b>1,101.23</b>	<b>2,819.91</b>
<b>Other Operating revenues (sale of scrap, etc.)</b>	<b>39.21</b>	<b>96.75</b>
<b>Total</b>	<b>1,70,451.43</b>	<b>1,94,034.76</b>

\* including Government Subsidy Rs.1,23,903.49 Lakhs (Previous Year Rs.1,07,445.35 Lakhs).

\$ including reimbursements from Government Rs. 433.16 Lakhs (Previous Year Rs. 4,709.37 Lakhs)

## 25.1. 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, 2019 to March 31, 2020 have been recognized based on notified rates as per respective policies.

- Income towards reimbursement claims towards additional fixed cost Rs.2,373.86 Lakhs (Previous Year Rs.2,074.57 Lakhs), Input de-escalations Rs.577.92 Lakhs (Previous year de-escalations Rs.982.03 Lakhs), and for production beyond reassessed capacity Rs.Nil Lakhs (Previous year Rs. Nil Lakhs) have been accounted for during the year as per the prices and provisions applicable under NPS III, Modified NPS-III, NUP 2015 and Department of Fertilizers Letter dated March 30, 2020 issued with reference to Modified NPS-III policy notified on April,02,2014. Adjustments, if any, required will be considered on notification of final prices.
- 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, 2019 to March, 2020, has been recognized in the accounts for the entire quantities received in the States under DBT scheme.

## 26. Other Income

₹ in Lakhs

Particulars	2019-20	2018-19
Interest on Bank Deposits and others	617.25	676.15
Government grants	347.91	347.91
Other non-operating income	1,891.29	1,622.82
Profit on sale of assets	42.23	-
<b>Total</b>	<b>2,898.39</b>	<b>2,646.88</b>

## 27. Cost of Materials consumed

₹ in Lakhs

Particulars	2019-20	2018-19
Natural Gas	72,903.61	59,280.99
Plastic Granules	1,230.54	6,073.41
PVC resin	344.39	1,336.54
Others	1,915.76	2,090.30
Packing Material	2,168.11	2,160.89
<b>Total</b>	<b>78,562.41</b>	<b>70,942.12</b>

## 28. Purchase of Stock-in-Trade

₹ in Lakhs

Particulars	2019-20	2018-19
Pool Urea	34.86	13,858.43
Specialty Fertilizers	226.45	4,572.89
Packing Material	87.96	911.58
Others	1,045.74	6,512.70
<b>Total</b>	<b>1,395.01</b>	<b>25,855.60</b>

## Notes forming part of the financial statements for the year ended March 31, 2020

**29. Changes in inventories of finished goods, stock-in-trade and work in progress:** ₹ in Lakhs

Particulars	2019-20	2018-19
<b>Inventories at the beginning of the year</b>		
Traded goods	2,822.05	3,114.44
Finished Goods	4,168.61	7,556.52
Work in Process	188.87	57.07
<b>Total - A</b>	<b>7,179.53</b>	<b>10,728.03</b>
<b>Inventories at the end of the year</b>		
Traded goods	1,232.49	2,822.05
Finished Goods	6,145.46	4,168.61
Work in Process	302.71	188.87
<b>Total - B</b>	<b>7,680.66</b>	<b>7,179.53</b>
<b>Total - (A-B)</b>	<b>(501.13)</b>	<b>3,548.50</b>

**30. Employee Benefits Expense**

₹ in Lakhs

Particulars	2019-20	2018-19
Salaries and Wages	9,223.22	13,828.55
Contribution to Provident and Other Funds	593.10	907.45
Staff Welfare Expenses	716.42	1,008.92
<b>Total</b>	<b>10,532.74</b>	<b>15,744.92</b>

**30.1. 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:

Particulars	March 31, 2020	March 31, 2019
Employer's contribution to provident fund	217.34	346.91
Employer's contribution to Superannuation fund	99.93	174.99
Employer's contribution to Pension scheme	145.36	209.05

**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 or 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:

₹ in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Defined benefit obligation at April 1, 2018	2,387.20	1,266.77
Current service cost	152.83	117.18
Interest expense	169.30	86.17
Benefits paid	(533.37)	(379.37)
Actuarial (gain)/ loss on obligations - OCI	186.55	6.75
Defined benefit obligation at March 31, 2019	2,362.51	1,097.50
Current service cost	113.75	54.50
Interest expense	165.46	73.64
Benefits paid	(380.07)	(269.67)
Actuarial (gain)/ loss on obligations - OCI	(296.35)	(93.90)
Defined benefit obligation at March 31, 2020	1,965.30	862.08



## Notes forming part of the financial statements for the year ended March 31, 2020

Changes in the fair value of plan assets are, as follows:

₹ in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Fair value of plan assets as at April 1, 2018	2,747.57	945.75
Contribution by employer	-	0.06
Contribution by Employees	-	-
Interest income	190.33	57.84
Benefits paid	(533.37)	(379.37)
"Return on plan assets (excluding amounts included in net interest expense) - OCI"	13.60	0.51
Fair value of plan assets as at March 31, 2019	2,418.13	624.79
Contribution by employer	4.82	0.04
Contribution by Employees	-	-
Interest income	169.32	37.44
Benefits paid	(380.07)	(269.67)
Return on plan assets (excluding amounts included in net interest expense) - OCI	(14.25)	(4.17)
Fair value of plan assets as at March 31, 2020	2,197.95	388.44

Reconciliation of fair value of plan assets and defined obligations

Changes in the present value of the defined benefit obligation are, as follows:

₹ in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Fair value of plan assets at April 1, 2018	2,747.57	945.75
Defined benefit obligation at April 1, 2018	2,387.20	1,266.77
Amount recognised in the Balance Sheet at April 1, 2018	360.37	(321.02)
Fair value of plan assets at March 31, 2019	2,418.13	624.79
Defined benefit obligation at March 31, 2019	2,362.51	1,097.50
Amount recognised in the Balance Sheet at March 31, 2019	55.62	(472.71)
Fair value of plan assets at March 31, 2020	2,197.95	388.44
Defined benefit obligation at March 31, 2020	1,965.30	862.08
Amount recognised in the Balance Sheet at March 31, 2020	232.65	(473.64)

Amount recognised in Statement of Profit and Loss:

₹ in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Current service cost	113.75	54.50
Net interest expense	(3.86)	36.20
Remeasurement of Net Benefit Liability/ Asset	-	-
Amount recognised in Statement of Profit and Loss for year ended March 31, 2020	109.89	90.70
Current service cost	152.83	117.18
Net interest expense	(21.03)	28.33
Remeasurement of Net Benefit Liability/ Asset	-	-
Amount recognised in Statement of Profit and Loss for year ended March 31, 2019	131.80	145.51

Amount recognised in Other Comprehensive Income:

₹ in Lakhs

Particulars	Gratuity Funded	Leave Encashment Funded
Actuarial (gain)/ loss on obligations	(296.35)	(93.90)
"Return on plan assets (excluding amounts included in net interest expense)"	14.25	4.17
Amount recognised in Other Comprehensive Income for year ended March 31, 2020	(282.10)	(89.73)
Actuarial (gain)/ loss on obligations	186.55	6.75
"Return on plan assets (excluding amounts included in net interest expense)"	(13.60)	(0.51)
Amount recognised in Other Comprehensive Income for year ended March 31, 2019	172.95	6.24

The major categories of plan assets of the fair value of the total plan assets are as follows:

₹ in Lakhs

Particulars	March 31, 2020		March 31, 2019	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Funded	Funded	Funded
Gratuity Fund (LIC)	2,197.95	388.44	2,418.13	624.79

## Notes forming part of the financial statements for the year ended March 31, 2020

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate (in %)		
Gratuity	6.73%	7.65%
Leave Encashment	6.73%	7.65%
Salary Escalation (in %)		
Gratuity	6.00%	6.00%
Leave Encashment	6.00%	6.00%
Rate of return in plan assets (in %)		
Gratuity	6.72%	7.65%
Leave Encashment	6.57%	8.00%
Expected average remaining working lives of employees (in years)		
Gratuity	17.18	18.08
Leave Encashment	17.18	18.08

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 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.

Particulars	Gratuity	Leave encashment
Discount rate		
+1%	123.00	32.72
-1%	(139.98)	(35.69)
Salary growth		
+1%	(146.24)	(40.62)
-1%	131.63	37.94

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	Gratuity	Leave encashment
Year ending March 31,	2020	2020
2021	140.61	157.50
2022	248.57	169.95
2023	229.19	141.61
2024	202.24	105.29
2025	252.96	105.13
2026 - 2030	978.81	315.29
Total expected payments	2,052.38	994.77

The following payments are expected contributions to the defined benefit plan in future years:

	No of years	
	March 31, 2020	March 31, 2019
The average duration of the defined benefit plan obligation		
- for gratuity	11.03	11.39
- for leave encashment	6.07	6.52

### 31. Finance cost

₹ in Lakhs

Particulars	2019-20	2018-19
Interest	29,042.66	27,465.68
Other borrowing costs		
LC Charges	-	541.85
Others	3,836.72	2,791.94
<b>Total</b>	<b>32,879.38</b>	<b>30,799.47</b>

**31.1.** Company accounts have become NPA since Previous Year 2018-19. Interest provided in Statement of Profit and Loss for the current year Rs 8,525.46 Lakhs on term loan (previous year Rs 5,572.67 Lakhs) and Rs 20,476.44 Lakhs on short term borrowings (previous year Rs 10,263.03 Lakhs) is on provisional basis and for the NPA period. Only few banks are debiting the interest on short term borrowings post becoming NPA.

## Notes forming part of the financial statements for the year ended March 31, 2020

**32. Depreciation and amortization expense**

₹ in Lakhs

Particulars	2019-20	2018-19
Depreciation of property, plant and equipment	8,213.49	8,391.62
Amortisation of intangible assets	-	491.40
<b>Total</b>	<b>8,213.49</b>	<b>8,883.02</b>

**33. Other Expenses**

₹ in Lakhs

Particulars	2019-20	2018-19
Catalysts charge	-	170.07
Chemicals and consumables	507.82	630.19
Conversion Charges	171.91	156.07
Rent	762.40	840.32
Rates and Taxes	367.65	217.45
Electricity and Water	117.11	188.24
Stores and Spares Consumed	222.66	594.12
Repairs and Maintenance		
Buildings	7.19	21.99
Plant and Machinery	193.96	717.70
Others	566.32	667.88
Insurance	1,047.92	409.31
Printing and Stationery	53.78	97.70
Postage, Telephone and Telex	94.08	158.94
Travelling and Conveyance	702.80	1,273.50
Advertisement and Publicity	209.30	1,482.87
Employee Recruitment and Training	25.83	60.80
Legal, Secretarial and Share Registry	444.37	663.75
Professional and Consultancy	1,262.62	755.47
Directors Sitting Fees	7.35	10.95
Loss on Sale of Assets / Assets discarded	-	311.22
Auditors' remuneration (Refer Note 45)	92.57	101.28
Corporate Social Responsibility Expenditure (Refer Note 33.1)	-	33.10
Transport and Handling	9,806.07	15,272.80
Distribution	324.53	1,110.68
Sales Commission / discounts / rebates	617.71	1,859.23
Bad Debts / Advances written off	1,423.84	7.28
Provision for doubtful debts / advances	1,607.23	518.72
Provision for diminution in value of Investments	1,346.17	450.00
Impairment of assets (net)	-	1,493.67
Loss on foreign currency transactions	268.90	155.30
Miscellaneous	473.86	1,286.22
<b>Total</b>	<b>22,725.95</b>	<b>31,716.79</b>

**33.1. Details of Corporate Social Responsibility Expenditures**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
a) Gross amount required to be spent by the Company during the year	-	-
b) Amount spent by the Company during the year	-	33.10

c) Amount spent by the company represents contribution to Nagarjuna Foundation, a not-for-profit company incorporated under Section 25 of the Companies Act, 1956 (section 8 of the Companies Act, 2013). The foundation undertakes CSR activities in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports etc.,

**34. Exceptional items**

₹ in Lakhs

Particulars	2019-20	2018-19
Provision for doubtful advances	-	1,885.95
<b>Total</b>	<b>-</b>	<b>1,885.95</b>

The Company gave periodical advances to M/s Nagarjuna Oil Refinery Ltd., (NORL) from April 1, 2011 to November 30, 2018 pursuant to the Composite Scheme of Arrangement and Amalgamation approved by the High Courts of Mumbai and Andhra Pradesh.

## Notes forming part of the financial statements for the year ended March 31, 2020

In view of the value of investment in NORL becoming Zero and has no other source of generating revenue, the Company filed a petition in NCLT, Hyderabad Bench for recovery of the advances given. The NCLT bench of Hyderabad has appointed an Interim Resolution Professional on 9th April 2019 to oversee the resolution process. Since the net worth of NORL is negative, and the possibility for recovery for advances from NORL is remote, provision is made for the entire amount of advance i.e., Rs 1,885.95 lakhs pending finalisation of Resolution Process of NORL.

**35.** The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy. Pursuant to blast in the gas pipeline of GAIL on June 27, 2014 resulted in shutdown for 124 and 41 days of Plant I and Plant II respectively and continued shortfall of gas supply during that year and subsequent year resulting in significant losses coupled with delays in realisation of subsidy dues from Government of India and its consequent effect on the working capital. These factors have resulted in increase of working capital borrowings, both current and non-current.

The Company continued to operate under strained financial conditions and continued to incur losses. Due to financial stress the Company's plants were shutdown from July 03, 2018 to December 22, 2018. The company has taken up with its Lenders for a long-term financial Resolution Plan (RP) and the lenders continued to support the company and have initially permitted 'Holding on Operations' (HOO) from December 2018. Such HOO continued till the end of the current financial year and further extended till October 31, 2020. The Company had operated only one plant for production of urea during the current financial year 2019-20. As at the year end, the Company's networth has reduced significantly and current liabilities exceeded current assets by Rs 1,89,403.27 Lakhs.

In view of these continued losses and operating with single plant under HOO, the company faced severe liquidity crisis and was unable to meet payments to its secured lenders, employees and vendors. Further, the Company has also defaulted in remitting statutory and other payments on time.

In view of these circumstances, the Company had submitted a resolution plan in terms of extant guidelines issued by the Reserve Bank of India to its lenders for their consideration and approval. The said resolution plan, amongst other things, include:

- Segregation of debt into sustainable and unsustainable debt
- Reduction in the rate of interest, etc.
- Induction of new investors and infusion of funds

Lenders held a series of Joint Lenders Meetings since the company requested the resolution plan for suggestions of all the other lenders. In the several meetings held during the months from February 2020 to June 2020, there was an in principle discussion on the terms of the proposed debt under RP. All the lenders have favorably agreed to the way forward in the key lenders meeting with new investors. The lead bank had organized various third-party studies for Techno Economic Viability (TEV), Rating agencies and valuers.

Keeping in view the status of discussions of lenders with potential investors, the Company is hopeful of the positive outcome of consideration and approval of resolution plan.

Accordingly, the financial statements for the year 2019-20 are drawn on a going concern basis, pending finalization of resolution plan by the lenders.

**36.** Details of Capital and Revenue expenditure incurred on Research and Development included under fixed assets, employee benefits expense, other expenses and finance cost are as below:

₹ in Lakhs

Particulars	2019-20	2018-19
<b>A. Capital Expenditure</b>		
Plant and equipment, Computers, Buildings etc.,	-	0.53
<b>Total</b>	-	<b>0.53</b>
<b>B. Revenue Expenditure</b>		
Salaries and Wages	-	837.98
Contribution to Provident and Other funds	-	53.10
Staff welfare	-	39.48
Electricity and Water	-	51.56
Chemicals and Consumables	-	4.07
Professional Charges	-	45.65
Depreciation	-	142.73
Finance cost	-	6.13
Others	-	240.11
<b>Total</b>	-	<b>1,420.81</b>
Less: Grants in Aid received (included in Other Income)	-	-
<b>Total</b>	-	<b>1,420.81</b>
<b>Grand Total</b>	-	<b>1,421.34</b>

## Notes forming part of the financial statements for the year ended March 31, 2020

36.1. Out of the above expenditure, Rs. NIL (Previous Year Rs. 1022.05 Lakhs) is eligible for weighted deduction u/s 35 (2AB) of Income Tax Act, 1961 as per the Guidelines of Department of Scientific and Industrial Research.

### 37. Tax Reconciliation

#### a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as follows:

##### (i) Profit or loss section

₹ in Lakhs

Particulars	2019-20	2018-19
Current tax expense	-	-
Tax expense relating to earlier years	77.52	-
Deferred tax	(3,423.55)	(3,616.45)
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>(3,346.03)</b>	<b>(3,616.45)</b>

##### (ii) OCI Section

₹ in Lakhs

Particulars	2019-20	2018-19
Net gain on remeasurement of defined benefit plans	522.46	12.91
Income tax charged to OCI	(180.81)	(4.47)

#### (b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019.:

₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
Accounting profit before tax from continuing operations	(50,581.09)	(52,689.29)
Accounting profit before tax from discontinuing operations	-	-
<b>Accounting loss before income tax</b>	<b>(50,581.09)</b>	<b>(52,689.29)</b>
At India's statutory income tax rate of 34.944%	(17,675.06)	(18,411.75)
Adjustments in respect of current income tax of previous years	77.52	-
Current year losses for which we have not created deferred tax assets	13,664.09	13,518.85
Previous year losses for which created deferred tax assets	(473.36)	-
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	1,164.07	1,443.94
Deferred tax on land	-	15.75
Deductible expenses for tax purposes:		
Other Deductible expenses	-	(178.76)
<b>Income tax Expense</b>	<b>(3,242.74)</b>	<b>(3,611.97)</b>

The Company has unabsorbed losses and depreciation of Rs.1,39,557.49 lakhs (March 31, 2019: Rs. 98,747.45 Lakhs). Deferred tax assets in respect of unabsorbed depreciation and carried forward losses 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. The Company had created deferred tax asset on business loss of FY 2013-14 of Rs 13,997.24 Lakhs and the same is eligible to be carried forward up to FY 2020-21. Accordingly the Company is continuing to recognise the deferred tax asset on the said loss inspite of continued losses, expecting the completion of Resolution Plan in FY 2020-21 (Refer Note 35). The Company has not created deferred tax assets on unabsorbed business losses of Rs.96,913.94 Lakhs (March 31, 2019: Rs. 69,408.83 Lakhs).

₹ in Lakhs

Particulars	As at 01-Apr-18	Provided during the year	As at 31-Mar-19	Provided during the year	As at 31-Mar-20
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation/ Amortisation)	47,734.63	(2,805.10)	44,929.53	(2,257.90)	42,671.63
<b>Total deferred tax liability (A)</b>	<b>47,734.63</b>	<b>(2,805.10)</b>	<b>44,929.53</b>	<b>(2,257.90)</b>	<b>42,671.63</b>
<b>Deferred tax assets:</b>					
Carry forward Business Loss / Unabsorbed Depreciation	9,497.87	754.22	10,252.09	1,069.93	11,322.02
Employee benefit provisions	298.91	46.84	345.75	(72.21)	273.54
Others	187.63	5.82	193.45	(12.88)	180.57
<b>Total deferred tax assets (B)</b>	<b>9,984.41</b>	<b>806.88</b>	<b>10,791.29</b>	<b>984.84</b>	<b>11,776.13</b>
<b>Deferred Tax liability (Net) (A-B)</b>	<b>37,750.22</b>	<b>(3,611.98)</b>	<b>34,138.24</b>	<b>(3,242.74)</b>	<b>30,895.50</b>

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 relate to income taxes levied by the same tax authority.



## Notes forming part of the financial statements for the year ended March 31, 2020

**38. Contingent Liabilities and Commitments****38.1. Contingent Liabilities not provided for**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>i) Claims against the Company not acknowledged as debt:</b>		(52,239.99)
a) Tax matters in appeal:		-
- Income Tax	36.31	344.46
- Other taxes	802.87	912.63
b) Matters under arbitration (Refer Note 38.1.1)	17,789.54	13,851.70
c) Others	22,041.43	15,590.75
<b>ii) Other money for which the Company is contingently liable :</b>		
a) Counter guarantees given to Bankers in respect of Bank guarantees	990.11	1,437.77
b) Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained	-	-
<b>Total</b>	<b>41,660.25</b>	<b>32,137.31</b>

**38.1.1.**

(a) In relation to some of the contracts for purchase of fertilisers, an international Arbitration Award has been passed against the 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, 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 amount deposited with the court in respect of Onshore contract. The Company continues to proceed legally and hence the balance claims have been disclosed as contingent liabilities as at March 31, 2020 in these financial statements.

**38.2. Commitments****38.2.1.**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,556.54	1,671.90

**38.2.2.** In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of Rs.100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs (Refer Note 6.2.1).

## Notes forming part of the financial statements for the year ended March 31, 2020

**39. Related party transactions: (Disclosures as required by Ind AS 24 - Related Party Disclosures)****39.1. List of related parties and their relationships****Subsidiaries**

- (i) Jaiprakash Engineering and Steel Company Limited

**Associates**

- (i) Nagarjuna Agricultural Research and Development Institute Private Limited  
(ii) KVK Raju International Leadership Limited

**Key Management Personnel**

- (i) Mr.K.Rahul Raju, Managing Director  
(ii) Mr. H Muralidhar, CFO (Resigned on 01.11.2019)  
(iii) Mr. K. Chandrasekhar Naidu, Company Secretary (Resigned on 20.07.2019)  
(iv) Mr. M Vijaya Bhasker, Company Secretary (w.e.f 29.11.2019)

**Relatives of Key Management Personnel.**

- (i) Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)  
(ii) Mr. K S Raju (Retired on 19.01.2019)

**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) Ms. Girija Bhan, Independent Director w.e.f 11.11.2019  
(v) Mr. K C Bhanu, Independent Director w.e.f 11.11.2019  
(vi) Mr. VVS Ravindra, Nominee Director IDBI  
(vii) Mr. Syed Shahabuddin, Nominee Director withdrawn w.e.f 13.06.2019  
(viii) Mr. C B Mouli, Independent Director (Resigned on 17.10.2019)

**Enterprises able to exercise significant influence**

- (i) Amlika Mercantile Private Limited

**Enterprises significantly influenced by Key Management personnel or their relatives**

- (i) Nagarjuna Oil Refinery Limited  
(ii) Nagarjuna Impex Private Limited  
(iii) Nagarjuna Foundation  
(iv) Nagarjuna Educational Trust

**39.2. Related party transactions during the period ended March 31, 2020 are as under**

₹ in Lakhs

Nature of transaction	Subsidiaries		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Advances given</b> Nagarjuna Oil Refinery Limited									-	107.57
<b>Provision for diminution in the value of investment</b> Jaiprakash Engineering and Steel Company Limited	1,346.17	450.00								
<b>Rent Received</b> Nagarjuna Agricultural Research and Development Institute Private Limited			0.10	0.10						
<b>Rent paid</b> Shri K Rahul Raju					559.32	597.44				
Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)			-	-			30.00	30.00		
Nagarjuna Impex Private Limited			-	-					14.00	21.00
<b>Corporate Social responsibility (Donation)</b> Nagarjuna Foundation			-	-					-	33.10

## Notes forming part of the financial statements for the year ended March 31, 2020

## 39.3. Balances outstanding at the period end March 31, 2020

₹ in Lakhs

Nature of transaction	Subsidiaries		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Loans and Advances</b>										
Nagarjuna Oil Refinery Limited									1,885.95	1,885.95
<b>Investments</b>										
Jaiprakash Engineering and Steel Company Limited	2,256.17	2,256.17								
Nagarjuna Agricultural Research and Development Institute Private Limited			2.50	2.50						
KVK Raju International Leadership Limited			15.00	15.00						
Provision for diminution in the value of investment	2,256.17	910.00	17.50	17.50						
<b>Provision for doubtful advances</b>									1,885.95	1,885.95
Nagarjuna Oil Refinery Limited										
<b>Rental and other deposits with</b>										0.40
NACL Industries Limited										
Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)							85.00	85.00		
Nagarjuna Impex Private Limited										5.00
Shri.K Rahul Raju					284.49	284.49				
<b>Trade Payables</b>					980.45	415.15	0.00		0.00	
Shri.K Rahul Raju										
Nagarjuna Educational Trust									48.56	25.04
Nagarjuna Impex Private Limited									8.23	15.12
Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)							32.50	15.15		
<b>Other Current Financial Liabilities</b>					0.00	0.09				
Shri K S Raju										
Shri K Rahul Raju					15.42	11.70				
Mr. H Muralidhar					6.28	7.22				
Mr. K. Chandrasekhar Naidu					2.81	3.31				
Mr. M. Vijaya Bhaskar					2.87	0.00				

**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 year -end 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 period ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: 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.

## Notes forming part of the financial statements for the year ended March 31, 2020

₹ in Lakhs

Compensation of key management personnel of the Company	31st March, 2020	31st March, 2019
(a) short-term employee benefits;	112.10	168.71
(b) post-employment benefits;	13.64	27.53
(c) Sitting fees to non-executive directors;	7.35	10.95
<b>Total compensation paid to key management personnel</b>	<b>133.09</b>	<b>207.19</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The Board of Directors of the Company at their meeting held on May 26, 2017, re-appointed Mr KS Raju as Chairman and Director of the Company and Mr. K Rahul Raju as Managing Director of the Company for a period of three years with effect from August 01, 2017. The remuneration paid to Mr KS Raju (up to January 19, 2019- retired) and Mr. K Rahul Raju, was not in compliance with Schedule V to the Companies Act, 2013, in view of the defaults in repayment of its debts/ debentures/ interest payable thereon, which requires the approval of the members and Central Government.

Subsequently vide Companies (Amendment) Act 2017, the Ministry of Corporate Affairs has done away with the requirement of approval of the Central Government where the remuneration is not in compliance with Schedule V of the Companies Act, 2013, but requires prior approval of Banks, Financial Institutions or any other secured creditor before placing the matter for shareholders' approval at the General Meeting in view of defaults made by the Company.

As on date the Company has received the approval from IDBI, ICICI and SBI for the remuneration paid to Mr KS Raju (up to January 19, 2019- retired) and Mr. K Rahul Raju, Managing Director and is yet to receive from UCO Bank, Indian Overseas Bank, Punjab National Bank, Bank of India.

The Company is pursuing with the remaining bankers for its approval for the payment of remuneration paid to Mr KS Raju (up to January 19, 2019- retired) and Mr. K Rahul Raju, Managing Director.

#### 40. Segment Reporting

The financial results comprise the combined operations of the Company relating to the Fertilizer, Micro Irrigation, Agri Services and Wind Energy generation businesses. The financial results of Micro Irrigation, Wind Energy and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not they 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

₹ in Lakhs

Particulars	Revenue from external customers		Non-current assets*	
	Year Ended March 31, 2020	Year Ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
India	1,69,709.05	1,92,335.93	2,42,813.57	2,50,926.59
Outside India	742.38	1,698.83	-	-
<b>Total</b>	<b>1,70,451.43</b>	<b>1,94,034.76</b>	<b>2,42,813.57</b>	<b>2,50,926.59</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

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Subsidy claims on Government of India pursuant to its Fertilizer subsidy policies	1,24,336.65	1,12,154.72
<b>Total</b>	<b>1,24,336.65</b>	<b>1,12,154.72</b>

## Notes forming part of the financial statements for the year ended March 31, 2020

## 41. Fair Value

## Category-wise classification of Financial Instruments

₹ in Lakhs

Particulars	Refer Note	Non Current		Current	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Financial assets measured at amortised cost</b>					
Security deposits	6	994.31	564.12	55.97	523.90
Deposit - Electricity Duty	6			3,255.85	3,255.85
Loans and advances to related parties	6	-	-	1,886.85	1,885.95
Loans to employees	6	-	-	-	3.41
Non current margin money deposit	7	15.50	1.03	-	-
Interest accrued on deposit and advances	7	-	-	773.06	247.96
Unbilled revenue	7	-	-	139.20	437.63
Claims receivable	7	-	-	2.73	14.94
Trade receivables	11	-	-	1,22,647.86	83,150.23
Cash and cash equivalents	12	-	-	4,895.18	5,620.14
Other Bank balances	13	-	-	8,994.58	9,014.55
<b>Financial liabilities measured at amortised cost</b>					
Term loans from banks	16	-	-	22,853.24	36,016.99
Term loans from others	16	29.33	39.50	15.71	87.71
Corporate loan from banks	16	-	-	-	1,198.24
Deferred Payment Liabilities	16	3,013.09	3,226.52	525.10	610.32
Deposits from dealers	17	7,466.04	7,561.46	-	-
Other Deposits - (Retention, EMD etc.)	17	242.72	291.40	-	-
Loans repayable on demand - cash credit	21	-	-	1,19,916.04	1,17,007.70
Loans repayable on demand - short term loan	21	-	-	6,974.02	7,121.62
Loans repayable on demand - suppliers/buyers credit	21	-	-	-	-
Trade payables	22	-	-	1,31,101.01	74,879.86
Interest accrued but not due	23	-	-	-	-
Interest accrued and due	23	-	-	12,932.03	5,606.60
Unclaimed dividends	23	-	-	-	278.55
Overdue term loans	23	-	-	24,716.30	10,266.60
Overdue Deferred Payment Liabilities	23	-	-	610.32	632.24
Payables towards deposits	23	-	-	357.01	209.51
Payables towards others	23	-	-	2,769.66	3,470.01
Payables towards purchase of fixed assets	23	-	-	1,531.81	2,209.70

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.

## 42. 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

₹ 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 (Refer Note 41)</b>					
Foreign exchange forward contracts	31-Mar-20	-	-	0.00	-
Foreign exchange forward contracts	31-Mar-19	-	-	0.00	-

The fair values of the foreign exchange forward contracts have been determined based on the valuation report obtained from the bank. Significant observable inputs used in the valuation report are quoted forward exchange rates.

## 43. 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.



## Notes forming part of the financial statements for the year ended March 31, 2020

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 also entered into derivative transactions.

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. 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 Statement of Profit and 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

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Long-term loans and advances	994.31	564.12
Other long term financial assets	15.50	1.03
Short-term loans and advances	5,198.67	5,669.11
Other financial assets	914.99	700.53
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	127,372.76	86,267.90

Balances with bank subject to low credit risk due to good credit rating assigned to this bank.

## Notes forming part of the financial statements for the year ended March 31, 2020

### 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:

₹ in Lakhs

Particulars	Neither past due nor impaired	Part due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
<b>Trade receivables as of 31st March, 2020</b>						
Government	1,05,704.29	1,114.56	1,157.59	400.88	12,957.31	1,21,334.62
Non Government	92.31	65.72	87.59	100.67	5,691.85	6,038.13
<b>Total</b>	<b>1,05,796.59</b>	<b>1,180.27</b>	<b>1,245.18</b>	<b>501.56</b>	<b>18,649.16</b>	<b>1,27,372.76</b>
<b>Trade receivables as of 31st March, 2019</b>						
Government	57,105.83	6,515.12	1,356.76	750.96	10,404.87	76,133.54
Non Government	512.48	674.32	308.44	422.16	8,216.96	10,134.37
<b>Total</b>	<b>57,618.31</b>	<b>7,189.44</b>	<b>1,665.20</b>	<b>1,173.12</b>	<b>18,621.83</b>	<b>86,267.90</b>

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables : ₹ in Lakhs

Particulars	March 31, 2020	March 31, 2019
Start of the year	3,117.67	2,598.94
Provision for Impairment	1,607.23	518.73
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
<b>End of year</b>	<b>4,724.90</b>	<b>3,117.67</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 35.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

### Year ended March 31, 2020

₹ in Lakhs

	Less than 1 year	1 to 5 years	>5 years	Total
Borrowings from Banks / Financial institutions	47,585.25	29.33	-	47,614.58
Interest-free sales tax deferral from State Government	1,135.42	3,304.44	-	4,439.86
Deposits payable	-	7,708.76	-	7,708.76
Working capital demand loan from bank	1,19,916.04	-	-	1,19,916.04
Short term loan from bank	6,974.02	-	-	6,974.02
Trade payables	1,31,101.01	-	-	1,31,101.01
Other financial liabilities	17,590.51	-	-	17,590.51

### Year ended March 31, 2019

₹ in Lakhs

	Less than 1 year	1 to 5 years	>5 years	Total
Borrowings from Banks / Financial institutions	47,569.54	39.50	-	47,609.04
Interest-free sales tax deferral from State Government	1,242.56	3,051.41	1,343.49	5,637.46
Deposits payable	-	7,852.86	-	7,852.86
Working capital demand loan from bank	1,17,007.70	-	-	1,17,007.70
Short term loan from bank	7,121.62	-	-	7,121.62
Trade payables	74,879.86	-	-	74,879.86
Other financial liabilities	11,774.37	-	-	11,774.37

### 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.

## Notes forming part of the financial statements for the year ended March 31, 2020

The sensitivity analyses in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

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, 2020.

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 analyses:

- 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, 2020 and March 31, 2019.

### 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:

₹ in Lakhs

	Increase/decrease in basis points	Effect on profit before tax
31-Mar-20		
INR	+50	238.06
INR	-50	(238.06)
31-Mar-19	-	-
INR	+50	249.25
INR	-50	(249.25)

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 Miillion	₹ in Lakhs	Euro in Miillion	₹ in Lakhs	GBP in Miillion	₹ in Lakhs
<b>Foreign currency exposure as at March 31, 2020</b>						
Trade receivables	0.09	71.12	-	-	-	-
Loans and other receivables	-	-	0.44	362.11	-	-
Trade payables	1.58	(1,192.23)	0.00	(2.41)	-	-
<b>Foreign currency exposure as at March 31, 2019</b>						
Trade receivables	0.33	226.19	-	-	-	-
Loans and other receivables	-	-	0.44	362.11	-	-
Trade payables	1.62	(1,120.79)	0.02	(15.38)	0.01	(6.90)
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.

## Notes forming part of the financial statements for the year ended March 31, 2020

₹ in Lakhs

Currency	2019-20		2018-19	
	5% increase	5% decrease	5% increase	5% decrease
USD	(56.06)	56.06	(44.73)	44.73
Euro	17.98	(17.98)	17.34	(17.34)
GBP	-	-	(0.35)	0.35
<b>Increase/(decrease) in profit or loss</b>	<b>(38.08)</b>	<b>38.08</b>	<b>(27.74)</b>	<b>27.74</b>

**44. 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. The Company includes within net debt, interest bearing loans and borrowings less cash and short term deposits.

₹ in Lakhs

Particulars	As At 31st March, 2020	As At 31st March, 2019
Interest bearing loans and borrowings (Note 16 & 21)	1,95,464.83	1,76,906.07
Less: Cash and short term deposits (Note 12 & 13)	13,889.76	14,634.69
<b>Net debts</b>	<b>1,81,575.07</b>	<b>1,62,271.38</b>
Equity share capital (Note 14)	5,980.65	5,980.65
Other Equity (Note 15)	5,388.80	52,282.20
<b>Total Capital</b>	<b>11,369.45</b>	<b>58,262.85</b>
<b>Capital and net debt</b>	<b>1,92,944.52</b>	<b>2,20,534.23</b>
<b>Gearing ratio(%)</b>	<b>94.11%</b>	<b>73.58%</b>

There have been breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. The gearing ratio as on March 31, 2020 has increased due to the Company incurred losses during the current year and, earlier years on account of events which are exceptional and due to extraneous factors. Refer Note 35.

**45. Auditors' Remuneration**

₹ in Lakhs

Fee towards	2019-20	2018-19
Statutory Audit	60.00	60.00
Tax Audit	7.50	7.50
Limited Review	15.00	15.00
Certification and other Services	9.94	13.76
Reimbursement of Expenses	0.13	5.02
<b>Total</b>	<b>92.57</b>	<b>101.28</b>

**46. Earnings per Share**

₹ in Lakhs

Particulars	Unit of Measurement	2019-20	2018-19
Net (Loss) after tax	(₹ in Lakhs)	(47,235.05)	(49,072.85)
Number of Equity shares (fully paid up)	(Numbers)	59,80,65,003	59,80,65,003
Earnings per share – Basic & Diluted	[ 1 ] / [ 2 ]	(7.90)	(8.21)
(Face value of ` 1/- per share)			

Note: The Company has no dilutive instruments as at March 31, 2020, as such dilutive earnings per share equals to Basic Earnings per share.

**47. 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**

₹ in Lakhs

	Name of the company	Balance as at		Maximum outstanding during	
		Mar 31, 2020	Mar 31, 2019	2019-20	2018-19
<b>A</b>	<b>Subsidiaries</b>	-	-	-	-
<b>B</b>	<b>Associates</b>				
	Nagarjuna Oil Refinery Limited *	1,886.85	1,885.95	1,886.85	1,885.95

## Notes forming part of the financial statements for the year ended March 31, 2020

	Name of the company	Balance as at		Maximum outstanding during	
		Mar 31, 2020	Mar 31, 2019	2019-20	2018-19
C	<b>Advances in the nature of Loans where there is no repayment schedule</b>				
	Nagarjuna Oil Refinery Limited *	1,886.85	1,885.95	1,886.85	1,885.95
D	<b>Advances in the nature of Loans where no interest is charged or interest is below section 186 of the Companies Act, 2013</b>				
	Nagarjuna Oil Refinery Limited *	1,886.85	1,885.95	1,886.85	1,885.95
E	Advances in the nature of Loans to firms / companies in which directors are interested	Nil	Nil	Nil	Nil

\* Pursuant to the Composite Scheme of Arrangement and Amalgamation. Also Refer Note 35.

#### 48. Particulars of Loans, Guarantees or Investments in accordance with Section 186 of the Companies Act, 2013

##### Loans, Guarantees given or Investments made during the Financial Year 2019-20

₹ in Lakhs

Name of the entity	Relation	Rs. in Lakhs	Particulars of Loans, Guarantees given or Investments made	Purpose for which the loans, guarantees and investments are proposed to be utilised
Nagarjuna Oil Refinery Limited	Enterprises significantly influenced by Key Management personnel	0.00	Loan	For day to day operations in terms of Composite Scheme of Arrangement and Amalgamation.

#### 49. 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	March 31, 2020		March 31, 2019	
		In foreign currency	Rs.in Lakhs	In foreign currency	Rs. in Lakhs
<b>Sundry Debtors</b>	USD	94,348	71.12	327,001	226.19
Advances receivables	EUR	435,000	338.01	435,000	338.01
<b>Trade Payables</b>	USD	1,581,500	1,192.23	1,620,317	1,120.79
	GBP	-	-	7,629	6.90
	EUR	2,900	2.41	19,792	15.38

50. In view of rapid spread of virus causing Covid-19 pandemic, Government of India imposed lockdown from 25th March 2020 to curb the spread of virus. The nationwide lockdown temporarily impacted the operations of the company due to non-availability of labour, transportation and supply chain disruptions. However, the Government classified urea and micro irrigation business of the company as "Essential Commodity" and granted certain relaxations and guidelines so that production and distribution of Urea will not be effected. The Company operated one Urea plant during the lockdown period, following safety measures as per guidelines. Thus, the impact of Covid-19 on the Company is minimal at this point of time. 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.

51. Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.

52. The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

For and on behalf of the Board

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**

Managing Director

**Uday Shankar Jha**

Chairman



# Consolidated Financial Statement

## INDEPENDENT AUDITOR'S REPORT

To  
**The Members of  
 Nagarjuna Fertilizers and Chemicals Limited**  
**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the accompanying Consolidated financial statements of Nagarjuna Fertilizers and Chemicals Limited ("the Holding Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2020, 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 ended on that date, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 independence requirements that are relevant to our audit of the consolidated 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Material Uncertainty Related to Going Concern

We draw attention to Note 35 in the financial statements, the Company has incurred net loss of Rs.45,547.59 Lakhs during the year ended March 31,2020, and the current liabilities exceed the current assets by Rs. 1,89,437.84 Lakhs as on March 31,2020. The company during the year ended March 31,2020 continued to default in discharging its obligations for repayment of Loans and settlement of other financial & non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the

lenders with a resolution plan and are hopeful of a positive response to the resolution plan from the lenders. These events and conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as going concern is solely dependent on the acceptance of debt restructuring proposal, which is not wholly within the control of the Company.

The financial statements of the Company have been prepared on going concern basis by the management. The management is hopeful of a successful outcome of the resolution plan submitted and accordingly no adjustments have been made to the carrying value of the assets and liabilities and their presentation/ classification.

Our opinion is not modified in respect of this matter.

### Emphasis of Matter

Attention is invited to following notes to the Consolidated Ind AS Financial Statements:

- a) Note 16.5 regarding accounting of interest and penal interest on the overdue borrowings, pending confirmation and acceptance by the lenders for the reasons stated in the said note;
- b) Note 25.1 regarding recognizing Income from urea operations including reimbursement claims for additional fixed cost, input escalation/de-escalation, and for production beyond reassessed capacity based on prices and provisions applicable under NPS III, Modified NPS III, pending notification of final prices under New Urea Policy 2015 and consequential adjustments, if any that may arise.
- c) Note 37.1.1 regarding Arbitration awards passed against the Company for USD 15,275,688, GBP 6,90,630, EURO 4,55,000 [aggregating to Rs.15,641.51 Lakhs (31.03.2019: Rs.14,188.03 Lakhs), approximately] and Rs.221.39 Lakhs; the impact of which has not been recognised in the Financial Statements, for reasons stated in the said note;

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our 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 matter described in the Material Uncertainty Related to Going Concern 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	Auditor's Response
1	<p><b>Revenue Recognition Sale of Products and Subsidy</b></p> <p>To ensure accuracy of recognition, measurement, presentation and disclosures of revenues and related accounts.</p> <p><b>Refer Note 25 of the Financial Statements</b></p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• We have assessed the Company's internal controls in respect of its revenue transactions;</li> <li>• We tested the key controls identified,</li> <li>• We performed substantive detail testing by selecting a sample of revenue transactions, that we considered appropriate to test the evidence of effectiveness of the internal controls and adherence to accounting policies in recognising the revenue, and the rebates and discounts there against.</li> <li>• We have verified the notifications issued for the subsidy recognition classified under product and freight subsidy</li> <li>• In respect of other components included in the subsidy income comprising escalation /de-escalation are based on management estimates and towards reimbursement of additional fixed costs etc, are based on Modified NPS III Policy. We have reviewed the management estimates for recognising the income along with various correspondences made with the Government of India, Department of Fertilisers and representations given to us. Since the amounts involved are significant and also involve certain uncertainties, an emphasis of matter is given in our report under the Section</li> </ul>
2	<p><b>Trade receivables</b></p> <p>Receivables include receivable from sale of products as well as receivable from Government of India in the form of subsidy.</p> <p>As at March 31, 2020, Trade Receivables amounting to Rs.1,22,647.85 Lakhs Includes subsidy and other dues Rs.1,12,083.54 Lakhs from Government of India and Rs.9,665.59 Lakhs from State Governments.</p> <p><b>Refer Note 11 to the Consolidated Financial Statements.</b></p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>• In respect of Subsidy recognised as receivable from Government of India towards reimbursement of additional fixed costs and towards subsidy for production beyond reassessed capacity, though the final prices are not notified.</li> <li>• As no confirmation of balance is on record we have relied on the management's assertion on the recoverability an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (b).</li> <li>• In respect of other receivables, we have sent request for confirmation from the parties. The response to the request is not significant and hence reviewed the subsequent realisations and obtained representations from the management regarding the realisability.</li> <li>• Ensured adequate provision for the long outstanding balances</li> </ul>
3	<p><b>Borrowings</b></p> <p>Borrowings from Banks and Financial institutions.</p> <p>Account with the lenders had become a NPA and hence</p> <ul style="list-style-type: none"> <li>• To ensure <ul style="list-style-type: none"> <li>o adequate disclosure in terms of security offered</li> <li>o adequate disclosure for restructuring if any</li> <li>o repayment as per the sanctioned terms</li> <li>o and accounting for the interest and penal charges including interest in case of defaults.</li> </ul> </li> </ul> <p><b>Refer Note 16 of the Consolidated financial statements</b></p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was to carry out substantive and analytical procedures which included the following:</p> <ul style="list-style-type: none"> <li>• Review of the sanction letters</li> <li>• Review of the register of charge</li> <li>• Verification of the loan statement from the lender and comparing with the books of account</li> <li>• Recalculation of interest and outstanding</li> <li>• Ensured adequate disclosure for the overdue balances, classification of the outstanding balances in the financial statements.</li> </ul> <p>Refer Note 16.5 -Emphasis of Matter has been given in for accounting of interest including penal interest pending confirmation of balances by the lenders in our report under the Section Emphasis of Matter -Para (a) and on the company's inability to repay the lenders is referred to in Note 35 Of the financial statements and we have considered the same and reported the matter under <b>Material Uncertainty Related to Going Concern</b> section.</p>

S.No	Key Audit Matter	Auditor's Response
4	<p><b>Contingent liabilities</b></p> <p>The Company has material uncertain issues under the contingent liabilities of which some issues are under arbitration and other issues pending at various forums which involves significant judgment to determine the possible outcome of these issues.</p> <p><b>Refer Note 37 of the Consolidated financial statements</b></p>	<p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Obtained details of contingent liabilities as at March 31, 2020.</li> <li>• Obtained status of each of the matters under litigation from the legal department.</li> <li>• Review of Minutes of meetings of Board of Directors and Audit Committee.</li> <li>• Discussion with the legal department on the steps being taken and the possible impact on the accounts for the year based on current progress of the matter.</li> </ul> <p>Since the amounts involved are significant, an emphasis of matter is given in our report under the Section Emphasis of Matter -Para (c) based on legal and other precedents in evaluating management's position on these matters.</p>

### Information Other than the Consolidated Financial Statements and Auditor's Report there on

The Holding 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, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 and the shareholders.

### Management's Responsibility for the Consolidated 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 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 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, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group 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 companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Company has an 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 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 Company 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.

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.

#### Other Matters:

We did not audit the financial statements / financial information of one subsidiary, and, whose financial statements / financial information reflect total assets of Rs.1,828.83 Lakhs as at 31st March, 2020, total revenues of Rs.1.20 Lakhs and net cash flows amounting to Rs.(0.78) Lakhs for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Financial Statement includes the Group's share of profit of Rs. 0.34 Lakhs for the year ended March 31, 2020, as considered in the Consolidated

Annual Financial Statements, in respect of its Subsidiary, whose financial statements have not been audited by us. The financial statements of the 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 subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter.

#### 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 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 aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Statement of Consolidated Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The Company is yet to receive written representations from the Directors of the Holding Company and hence we are unable to comment on whether any of the Directors of the Holding Company are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. In respect of the subsidiary company, based on the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Subsidiary Company incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

We report that the Minimum Remuneration paid to the Chairman and Managing Director in the earlier years in terms of their appointment is yet to be approved by some of the lenders as required by the Companies (Amendment)



Act, 2017 in view of the defaults in payment of dues to lenders.

Further, we report that the for the year 2019-20 Minimum Remuneration paid to the Managing Director is yet to be approved by some of the lenders as required by the Companies (Amendment) Act, 2017 in view of the defaults in payment of dues to lenders.

h) 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:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 38 to the consolidated financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M BHASKARA RAO & Co**  
Chartered Accountants  
(Firm's Registration No. 000459S)

**D. Babu Raghavendra**  
Partner

(Membership No.213274)

UDIN: 20213274AAAACR4087

Hyderabad

August 14, 2020

## **ANNEXURE “A” 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”) and its subsidiary as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Company 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 subsidiary 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **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.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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, but, the controls in respect of physical verification of inventory and its reconciliation, and receivables needs to be strengthened.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Hyderabad  
August 14, 2020

**For M BHASKARA RAO & Co**  
Chartered Accountants  
(Firm's Registration No. 000459S)

**D.Bapu Raghavendra**  
Partner  
Membership No.213274  
UDIN: 20213274AAAACQ6435

## Consolidated Balance Sheet as at 31st March, 2020

₹ in Lakhs

	Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>				
<b>1</b>	<b>Non-Current Assets</b>			
	(a) Property, Plant and Equipment	3A	2,39,833.85	2,48,046.17
	(b) Capital work-in-progress	3B	2,827.23	2,794.32
	(c) Other Intangible Assets	4	-	-
	(d) Financial Assets			
	(i) Investments	5	-	-
	(ii) Loans	6	2,808.16	2,377.97
	(iii) Other Financial Assets	7	28.95	13.66
	(e) Other Non-Current Assets	9	152.49	86.11
	<b>Total Non-Current Assets</b>		<b>2,45,650.68</b>	<b>2,53,318.23</b>
<b>2</b>	<b>Current Assets</b>			
	(a) Inventories	10	10,524.59	10,276.52
	(b) Financial Assets			
	(i) Trade Receivables	11	1,22,647.86	83,150.23
	(ii) Cash and Cash Equivalents	12	4,895.92	5,621.66
	(iii) Bank Balances other than (ii) above	13	8,994.58	9,014.55
	(iv) Loans	6	3,312.72	3,779.75
	(v) Other Financial Assets	7	915.47	701.01
	(c) Current Tax Assets (Net)	8	681.19	945.31
	(d) Other Current Assets	9	6,078.60	6,042.32
	<b>Total Current Assets</b>		<b>1,58,050.93</b>	<b>1,19,531.35</b>
	<b>Total - Assets</b>		<b>4,03,701.61</b>	<b>3,72,849.58</b>
<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>			
	(a) Equity Share Capital	14	5,980.65	5,980.65
	(b) Other Equity	15	7,178.71	52,726.28
	<b>Equity attributable to shareholders of the Company</b>		<b>13,159.36</b>	<b>58,706.93</b>
	Non-Controlling Interest	15	2.82	2.82
	<b>Total Equity</b>		<b>13,162.18</b>	<b>58,709.75</b>
	<b>Liabilities</b>			
<b>1</b>	<b>Non-Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,042.42	3,266.02
	(ii) Other Financial Liabilities	17	7,708.76	7,852.86
	(b) Provisions	18	362.37	435.52
	(c) Deferred Tax Liabilities (Net)	19	30,895.50	34,138.24
	(d) Government Grants	20	1,041.61	1,389.52
	<b>Total Non-Current Liabilities</b>		<b>43,050.66</b>	<b>47,082.16</b>
<b>2</b>	<b>Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	21	1,47,850.25	1,29,297.03
	(ii) Trade Payables			
	(a) Micro Enterprises and Small Enterprises	22	135.37	201.07
	(b) Other than Micro Enterprises and Small Enterprises	22	1,30,966.65	74,679.37
	(iii) Other Financial Liabilities	23	66,346.24	60,621.53
	(b) Other Current Liabilities	24	1,421.94	1,356.84
	(c) Government Grants	20	347.91	347.91
	(d) Provisions	18	420.41	553.92
	<b>Total Current Liabilities</b>		<b>3,47,488.77</b>	<b>2,67,057.67</b>
	<b>Total Liabilities</b>		<b>3,90,539.43</b>	<b>3,14,139.83</b>
	<b>Total Equity and Liabilities</b>		<b>4,03,701.61</b>	<b>3,72,849.58</b>
	<b>Corporate Information and Significant Accounting Policies</b>	1 & 2		

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

For and on behalf of the Board

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

₹ in Lakhs

Particulars	Note	Year ended 31st March, 2020		Year ended 31st March, 2019	
<b>Income</b>					
<b>Revenue from Operations</b>	25				
Sale of Products (including Subsidy)		1,69,310.99		1,91,118.10	
Sale of Services		1,101.23		2,819.91	
Other Operating Revenues		39.21	1,70,451.43	96.75	1,94,034.76
Other Income	26		2,899.59		2,647.79
<b>Total</b>			<b>1,73,351.02</b>		<b>1,96,682.55</b>
<b>Expenses</b>					
Cost of Materials Consumed	27		78,562.41		70,942.12
Purchase of Stock-in-Trade	28		1,395.01		25,855.60
Changes in inventories of finished goods, stock-in-trade and work in progress	29		(501.13)		3,548.50
Power and Fuel			70,123.06		59,994.56
Employee Benefits Expense	30		10,532.74		15,744.92
Finance Cost	31		32,879.39		30,799.48
Depreciation and Amortization Expense	32		8,213.49		8,883.02
Excise Duty			-		-
Other Expenses	33		21,381.31		31,268.39
<b>Total</b>			<b>2,22,586.28</b>		<b>2,47,036.59</b>
<b>Loss before exceptional items and tax</b>			<b>(49,235.28)</b>		<b>(50,354.04)</b>
Exceptional Items	34		-		1,885.95
<b>Loss before tax</b>			<b>(49,235.28)</b>		<b>(52,239.99)</b>
<b>Tax Expense</b>					
(a) Current Tax			-		-
(b) Adjustments relating to earlier years			77.52		-
(b) Deferred Tax	19		(3,423.56)		(3,616.44)
<b>Loss after tax for the year</b>			<b>(45,889.24)</b>		<b>(48,623.55)</b>
Attributable to:					
Equity holders of the parent			(45,889.24)		(48,623.55)
Non-Controlling interests			(0.00)		(0.00)
<b>Other Comprehensive Income</b>					
A (i) Items that will not be reclassified to profit or loss					
Re-measurement gains /(losses) on defined benefit plans			522.46		12.91
(ii) Income tax relating to these items			(180.81)		(4.47)
B (i) Items that will be reclassified to profit or loss			-		-
(ii) Income tax relating to these items			-		-
<b>Total Other Comprehensive income, net of tax</b>			<b>341.65</b>		<b>8.44</b>
Total Comprehensive income for the year			<b>(45,547.59)</b>		<b>(48,615.11)</b>
Attributable to:					
Equity holders of the parent			(45,547.59)		(48,615.11)
Non-Controlling interests			(0.00)		(0.00)
<b>Earnings per equity share of face value of ₹ 1/- each</b>					
Basic and Diluted	44		(7.67)		(8.13)
<b>Corporate Information and Significant Accounting Policies</b>	1 & 2				

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Babu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

For and on behalf of the Board



## Statement of Change in Equity for the year ended 31st March, 2020

### (a) Equity Share Capital

Particulars	No.	₹ in Lakhs
Equity shares of ₹ 1 each issued, subscribed and fully paid		
At April 1, 2018	598,065,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
At March 31, 2019	598,065,003	5,980.65
Issue of share capital (Refer Note 14)	-	-
At March 31, 2020	598,065,003	5,980.65

### (b) Other equity

₹ in Lakhs

Particulars	Reserve and Surplus						Non Controlling Interest	Total
	Capital Reserve	Security premium Reserve	Deben-ture redemp-tion reserve	Foreign Currency Trans-lation reserve	General reserve	Retained Earnings		
As at April 01, 2018 (Refer Note 15)	51,853.85	1,09,619.35	-	-	13,382.57	(73,514.38)	2.82	1,01,344.21
Loss for the year						(48,623.55)	(0.00)	(48,623.55)
Other Comprehensive Income						8.44		8.44
Total Comprehensive Income	-	-	-	-	-	(48,615.11)	(0.00)	(48,615.11)
As At March 31, 2019	51,853.85	1,09,619.35	-	-	13,382.57	(1,22,129.49)	2.82	52,729.10
Loss for the year						(45,889.24)	(0.00)	(45,889.24)
Other Comprehensive Income						341.65		341.65
Total Comprehensive Income	-	-	-	-	-	(45,547.59)	(0.00)	(45,547.59)
As At March 31, 2020	51,853.85	109,619.35	-	-	13,382.57	(1,67,677.08)	2.82	7,181.51

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

For and on behalf of the Board

**D. Babu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**

Managing Director

**Uday Shankar Jha**

Chairman

## Consolidated Cash Flow Statement for the year ended March 31st, 2020

₹ in Lakhs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>A. Cash Flow from Operating Activities</b>		
Loss before Tax	(49,235.28)	(52,239.99)
<i>Adjustments:</i>		
Depreciation and Amortisation	8,213.49	8,883.02
Provision for Impairment	-	1,493.67
Provision for Doubtful Debts / Advances	1,607.23	2,404.67
Finance Cost	32,879.39	30,799.48
Provision/write off for Diminution in value of Investments	-	-
Deferred government grant	(347.91)	(347.91)
Loss on sale of assets / assets discarded / assets decapitalised	(42.23)	311.22
<b>Operating Profit before working capital changes</b>	<b>(6,925.31)</b>	<b>(8,695.84)</b>
<i>Movements in working capital:</i>		
Increase/(decrease) in trade payables	56,074.01	(65,975.56)
Increase/(decrease) in long term provisions	449.31	(81.67)
Increase/(decrease) in short term provisions	(133.51)	228.59
Increase/(decrease) in other current liabilities	65.10	(459.06)
Increase/(decrease) in other current financial liabilities	(1,230.75)	3,028.51
Increase/(decrease) in other long term liabilities	(144.10)	38.25
Decrease/(increase) in trade receivables	(41,104.86)	86,121.35
Decrease/(increase) in inventories	(248.07)	4,250.39
Decrease/(increase) in long term loans and advances	(430.19)	2,180.33
Decrease/(increase) in short term loans and advances	467.03	(2,356.54)
Decrease/(increase) in other current assets	(36.28)	1,973.83
Decrease/(increase) in other financial assets	(214.46)	63.13
Decrease/(increase) in other non current assets	6.84	3.38
Cash generated from operations	<b>6,594.77</b>	<b>20,319.09</b>
Direct Taxes Paid (net of refunds)	186.60	(280.71)
<b>Net cash flow from operating activities</b>	<b>6,781.37</b>	<b>20,038.38</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of fixed assets and CWIP	(111.65)	(1,328.09)
Term deposits / Margin Money Deposits	4.68	(3,103.92)
Proceeds from Sale of fixed assets	46.58	24.46
<b>Net cash flow from / (used) in investing activities</b>	<b>(60.39)</b>	<b>(4,407.55)</b>
<b>C. Cash flow from Financing activities</b>		
Repayment of long term borrowings	(632.24)	(4,929.59)
Finance Costs paid (Refer Note 31.1)	(9,444.27)	(20,144.13)
Dividend Paid (Refer Note 23.2)	(278.55)	(234.85)
<b>Net cash flow used in financing activities</b>	<b>(10,355.06)</b>	<b>(25,308.57)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(3,634.08)</b>	<b>(9,677.74)</b>
<b>Cash and Cash Equivalents as at beginning of the year</b>	<b>(1,11,386.04)</b>	<b>(1,01,708.30)</b>
<b>Cash and Cash Equivalents as at end of the year</b>	<b>(1,15,020.12)</b>	<b>(1,11,386.04)</b>

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

for **M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

For and on behalf of the Board

**Notes:**

₹ in Lakhs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Cash and Cash Equivalents comprises of</b>		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	-	278.55
Others (Refer Note 12.1)	4,880.00	4,657.81
Cheques, drafts on hand	-	300.09
Cash on hand	15.92	385.21
Cash and Cash Equivalents (Refer Note 12)	4,895.92	5,621.66
Less: Cash Credit (Refer Note 21)	1,19,916.04	1,17,007.70
<b>Cash and Cash Equivalents in Cash Flow Statement</b>	<b>(1,15,020.12)</b>	<b>(1,11,386.04)</b>

Accompanying Notes form an integral part of the Financial Statements

As per our report of even date attached

**for M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

**Vijaya Bhasker M**

Company Secretary

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

For and on behalf of the Board

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 1. Corporate Information

The company is a public listed company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on The Bombay Stock Exchange and The National Stock Exchange Of India, the two recognised stock exchanges in India. The registered office of the company is located at D.No 8-2-248, Nagarjuna Hills, Punjagutta, Hyderabad - 500082.

The Company is principally engaged in the business of manufacturing and marketing Fertilizers, Micro Irrigation Equipments and Agri Informatic Services.

### 2. Significant Accounting Policies

#### 2.1. Consolidated Accounts:

(a) The subsidiaries considered in the preparation of these consolidated financial statements are:

Particulars	Country of Incorporation	Percentage of voting power	
		31st March, 2020	31st March, 2019
(i) Jaiprakash Engineering and Steel Company Limited	India	99.84%	99.84%

(b) The details of associates of the Company as defined in Indian Accounting Standard 28 "Investments in Associates and Joint Ventures" .

Particulars	Country of Incorporation	Percentage of voting power	
		31st March, 2020	31st March, 2019
(i) Nagarjuna Agricultural Research and Development Institute	India	25.00%	25.00%
(ii) K.V.K.Raju International Leadership Academy	India	42.85%	42.85%

The investments in associates are not considered for consolidation as the Companies by law are not allowed to transfer any funds to the investing company. These investments are accounted for in accordance with Indian Accounting Standard 28 "Investments in Associates and Joint Ventures" .

#### 2.2. Principles of Consolidation:

The Consolidated Financial Statements relate to Nagarjuna Fertilizers and Chemicals Limited and its subsidiary companies (together referred to herein as "the Company" or "Group"), and have been prepared on the following basis:

- The Financial Statements of the 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 un realised 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 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 Company, i.e., March 31, 2020.
- The excess of the cost to the 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 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 Company.

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 Company's separate Financial Statements.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 2.3. Basis of preparation:

The Financial Statements of the group have been prepared in accordance with Indian Accounting Standards (Ind AS) on accrual basis and under the historical cost convention except for Derivative financial instruments and certain financial instruments which are measured at fair value, pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amended Rules, 2016.

The Financial Statements are presented in INR and all values are rounded to two decimals to the nearest lakhs, except when otherwise indicated.

### 2.4. 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
- ii. Recognition of deferred tax asset/Liability- Note 19
- iii. Fair Value Measurement of financial Instruments - Note 40 & 41
- iv. Recognition of subsidy income - Note 25.1
- v. Provision for doubtful trade receivables

### 2.5. Current versus non-current classification

Any 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 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 ascertained 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.

### 2.6. Property, plant and equipment

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 group 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 a 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.



## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 2.7. 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.

### 2.8. 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.

### 2.9. 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 materials are as follows:

- Raw materials and Traded Products: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes 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 –

- 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.

Work-in-process, raw materials, stores, spares, packing material and loose tools are valued at weighted average cost, less provision for depletion in value, if any.

### 2.10. Cash and cash equivalents

Cash and cash equivalent 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.

### 2.11. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### Financial assets

##### Initial recognition

On initial recognition, financial assets are recognised at fair value. Transaction cost that are directly attributable acquisition of financial assets that are not at fair value through profit and loss (FVTPL) are added to fair value on initial recognition.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 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 (FVTOCI)”

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.

### 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 election 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 FVTOCI.

Fair value changes excluding dividends, on an equity instrument measured at FVTOCI 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.

### 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 at the transfer qualifies for de-recognition under IND AS 109.

### Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. 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.

### Impairment:

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials 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.

### Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

### 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.

### 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.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### Derecognition:

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

### 2.12. 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 and 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.

### 2.13. 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.

### 2.14. 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.

### 2.15. 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 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.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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.

### 2.16. 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 is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue is net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf third parties.

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:

Group Concession Price under Group Concession Scheme (GCS) and Equated 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.

### 2.17. Employee benefits

#### 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.

#### 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.

**Notes forming part of the consolidated financial statements for the year ended March 31, 2020****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.

**2.18. Taxes****Current income tax**

Income tax expense is recognised in the Statement of Profit and 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.

**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.

**2.19. 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.

**2.20. Leases**

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. 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.



**Notes forming part of the consolidated financial statements for the year ended March 31, 2020**

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.

**2.21. 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.

**2.22. 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.

**2.23. Foreign currency transactions**

The Company's Financial Statements are presented in Rupees, which is its functional currency, which is also the parent company's functional currency. For each entity, the group determines its functional currency and item included in the Financial Statements is measured using their 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).

**2.24. Earnings per share**

Basic earnings per equity share, is computed by dividing the net profit for the year attributable to the Equity Shareholders of the parent 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.

**2.25. 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.

**2.26. 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.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

## 3A. Property, Plant and Equipment and 3B: Capital Work in Progress

₹ in Lakhs

Particulars	Land	Buildings	Plant and Equipments	Furniture, Fixtures & Office Equipment	Vehicles	Roads, Drains & Culverts	Railway Siding	Total	Capital Work in Progress
<b>Gross Block at Cost</b>									
At April 1, 2019	116,027.76	12,873.46	151,203.64	1,638.04	155.42	132.14	46.63	282,077.09	2,794.32
Additions	-	-	4.90	0.62	-	-	-	5.52	38.44
Disposals	-	-	2,424.28	259.61	63.07	-	-	2,746.96	5.53
<b>As At Mar 31, 2020</b>	<b>116,027.76</b>	<b>12,873.46</b>	<b>148,784.26</b>	<b>1,379.05</b>	<b>92.35</b>	<b>132.14</b>	<b>46.63</b>	<b>279,335.65</b>	<b>2,827.23</b>
<b>Depreciation</b>									
At April 1, 2019	-	3,046.77	29,855.37	978.20	106.44	44.14	-	34,030.92	-
Charge for the period	-	762.16	7,256.42	175.49	10.26	9.16	-	8,213.49	-
Disposals	-	-	2,421.89	259.58	61.14	-	-	2,742.61	-
<b>As At Mar 31, 2020</b>	<b>-</b>	<b>3,808.93</b>	<b>34,689.90</b>	<b>894.11</b>	<b>55.56</b>	<b>53.30</b>	<b>-</b>	<b>39,501.80</b>	<b>-</b>
<b>Net Block</b>									
<b>As At Mar 31, 2020</b>	<b>116,027.76</b>	<b>9,064.53</b>	<b>114,094.36</b>	<b>484.94</b>	<b>36.79</b>	<b>78.84</b>	<b>46.63</b>	<b>239,833.85</b>	<b>2,827.23</b>
As at Mar 31, 2019	116,027.76	9,826.69	121,348.27	659.84	48.98	88.00	46.63	248,046.17	2,794.32

## 3A.1. Land &amp; Buildings

- Includes 5 acres, the possession of which is yet to be taken, title of seller being under dispute.
- Excludes value of 33.35 acres which is located at Kakinada Plant site, which is in the possession and use of the Company pending fixation of compensation by the State Government, value not ascertained, and hence pending registration of title in the name of the Company.
- Excludes value of 14.06 acres located at Kakinada Plant site, 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 value of 340.11 acres (104 cases) located at Nellore in possession of the Company pending registration.

## 3A.2. Refer Note 16.1 to 16.3 for details of assets pledged with lenders.

## 4. Other Intangible Assets

₹ in Lakhs

Particulars	Trade Marks and Services	Total
<b>Gross Block at Cost</b>		
At April 1, 2019	2,948.40	2,948.40
Additions	-	-
Disposals	-	-
<b>As At Mar 31, 2020</b>	<b>2,948.40</b>	<b>2,948.40</b>
<b>Amortisation</b>		
At April 1, 2019	2,948.40	2,948.40
Charge for the period	-	-
Disposals	-	-
<b>As At Mar 31, 2020</b>	<b>2,948.40</b>	<b>2,948.40</b>
<b>Net Block</b>		
<b>As At Mar 31, 2020</b>	<b>-</b>	<b>-</b>
As at Mar 31, 2019	-	-

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

## 5. Investments - Unquoted (At Cost)

₹ in Lakhs

Particulars	31st March, 2020		31st March, 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>In Equity Shares</b>				
<b>In Associates</b>				
Nagarjuna Agricultural Research and Development Institute - ₹ 10/- each fully paid up	25,020	2.50	25,020	2.50
KVK Raju International Leadership Academy - ₹ 10/- each fully paid up	150,000	15.00	150,000	15.00
<b>Total</b>		<b>17.50</b>		<b>17.50</b>
Less: Provision for diminution				
In Associates		17.50		17.50
<b>Total</b>	-	-	-	-
Aggregate amount of Quoted Investments		-		-
Aggregate amount of Un-Quoted Investments		17.50		17.50
Aggregate amount of impairment in value of Investments		17.50		17.50

5.1. In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of Rs.3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 388.70 acres of land (Previous year 388.70 acres of land), the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2020.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

The Government of Karnataka has passed order No. CI 175 SPI 2011 Dt. 11-11-2013 cancelling the Land Allotment made to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition challenging the Order of the Govt. of Karnataka and the Hon'ble High Court of Karnataka has prohibited the Govt. of Karnataka from dispossessing the land in possession of the Company. The High Court of Karnataka on April 23, 2018 has lifted the stay and permitted the Government of Karnataka from taking possession of 160 acres of land from the Company for handing over the same to prospective applicants. JESCO filed Writ appeal against this modified order. JESCO's Writ Application was disposed. JESCO had filed a fresh W.P in 2019 challenging the allotment of 160 Acres in the Hon'ble Karnataka High Court and yet to be listed.

The stay of the High Court of Karnataka in relation to dis-possession of land in the possession of the Company for 388.70 acres continues.

Pending crystalization of plans and considering the above said developments, the Financial Statements of JESCO, for the year have been prepared on going concern basis, notwithstanding the project initially planned been shelved.

In view of the above, management is of the opinion that an additional provision of Rs.1346.17 Lakhs be made in addition to the existing provision of Rs.910 lakhs totaling to an amount of Rs.2,256.17 Lakhs as of March 31, 2020.

5.2. These shares were pledged in favour of Banks / Financial Institutions for the term loans availed by the Company, which are repaid in full awaiting release of pledge.

## 6. Loans

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>6.1 Loans (Unsecured, considered good)</b>				
Security Deposits	994.31	564.12	55.97	523.90
Deposit - Electricity Duty (Refer Note 6.1.1)			3,255.85	3,255.85
Security Deposit with KIADB	54.38	54.38	-	-
Deposit with KIADB - Land	1,759.47	1,759.47	-	-
Loans and advances to related parties	-	-	-	-
<b>6.2 Loans (Unsecured, credit impaired)</b>				
Security Deposits	-	15.00	-	-
Loans and advances to related parties (Refer Note 6.2.1)	-	-	1,886.85	1,885.95
Loans to Employees	-	-	-	3.41
	<b>2,808.16</b>	<b>2,392.97</b>	<b>5,198.67</b>	<b>5,669.11</b>
Less: Provision for Doubtful advances	-	15.00	1,885.95	1,889.36
<b>Total</b>	<b>2,808.16</b>	<b>2,377.97</b>	<b>3,312.72</b>	<b>3,779.75</b>

**Notes forming part of the consolidated financial statements for the year ended March 31, 2020**

**6.1.1.** The Company received a demand for an amount of Rs 5,426.41 Lakhs from the Director Electrical safety and Chief Electrical inspectors towards electricity duty on captive power generation @ 25 Paisa per unit for the period of March 2003 to May 2013. The company filed a Writ Petition against the State Government of Andhra Pradesh and Chief Electrical Officer in relation to payment of Electricity duty @ rate of 25 Ps per unit stating the very concept of the setting up of Captive Power Plant will be defeated by this additional levy. The High Court of Andhra Pradesh dismissed the appeal filed by the Company. The Company filed an SLP No.23005 / 2016 in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court directed the Company to pay duty @ 6 Paisa and @ 9 paise per unit accordingly the Company paid the amount. Matter is pending in Hon'ble Supreme court of India.

**6.2.1.** The Company has filed a petition u/s 7 of the IBC Code 2016 for recovery, and hence the amount is provided (refer note no 34)

**7. Other Financial Assets**

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Margin money deposits with more than 12 months of original maturity	15.50	1.03	-	-
Bank deposits with more than 12 months maturity	13.46	12.63	-	-
Interest Accrued on Deposits and advances	-	-	773.54	248.44
Unbilled Revenue	-	-	139.20	437.63
Claims receivable	-	-	2.73	14.94
<b>Total</b>	<b>28.95</b>	<b>13.66</b>	<b>915.47</b>	<b>701.01</b>

**8. Current Tax Assets (Net)**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Current tax Assets</b>		
Advance Income Tax	687.03	993.75
<b>Current tax liabilities</b>		
Provision for Income tax	5.84	48.44
<b>Total (Net)</b>	<b>681.19</b>	<b>945.31</b>

**9. Other Assets**

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>Capital Advances</b>				
Secured (considered good)	50.00	50.00	-	-
Unsecured (considered good)	96.14	22.92	-	-
<b>Total - (A)</b>	<b>146.14</b>	<b>72.92</b>	-	-
Advance Recoverable in Cash or in Kind	-	-	-	-
- Unsecured (considered good)	-	-	5,217.84	5,744.29
- Unsecured (considered doubtful)	-	-	362.11	362.11
	-	-	5,579.95	6,106.40
Less: Provision for Doubtful advances	-	-	362.11	362.11
<b>Total - (B)</b>	-	-	<b>5,217.84</b>	<b>5,744.29</b>
Prepaid Expenses	6.35	13.19	605.60	219.90
Gratuity fund - excess of plan assets over liability	-	-	232.65	55.62
Balance with Customs Authorities	-	-	-	-
<b>Total - (C)</b>	<b>6.35</b>	<b>13.19</b>	<b>860.76</b>	<b>298.03</b>
<b>Total - (A+B+C)</b>	<b>152.49</b>	<b>86.11</b>	<b>6,078.60</b>	<b>6,042.32</b>

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

## 10. Inventories

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Raw materials	444.51	490.24
Work in process	302.71	188.87
Finished Goods - Manufactured goods	5,517.92	3,478.95
Stock In Transit - Manufactured goods	627.54	689.66
Traded goods	1,225.83	2,810.69
Stock In Transit - Traded goods	6.66	11.36
Packing materials	224.04	382.04
Stores and Spares	2,167.67	2,217.17
Loose tools	7.71	7.54
<b>Total</b>	<b>10,524.59</b>	<b>10,276.52</b>

## 11. Trade Receivables: (Unsecured) (Refer Note 11.1)

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Debts outstanding		
Considered good	120,775.35	81,274.14
Which have significant increase in Credit Risk	2,930.69	2,125.33
Credit Impaired	3,666.72	2,868.43
	127,372.76	86,267.90
Less: Provision for doubtful debts	4,724.90	3,117.67
<b>Total</b>	<b>122,647.86</b>	<b>83,150.23</b>

11.1. Includes subsidy and other dues Rs. 1,12,083.54 Lakhs (Previous Year Rs. 62,346.25 Lakhs) from Government of India and Rs. 9,251.09 Lakhs (Previous Year Rs. 13,787.29 Lakhs) from State Governments.

11.2. The subsidy is credited to an Escrow Account maintained with IDBI Bank. GAIL has a first preference as per Escrow Agreement between GAIL, NFCL & IDBI which was valid till 30.06.2020. Based on the Office Memorandum issued by Dept of Fertilizers, on receipt of amount subsidy, 55% of the credit is transferred to GAS Pool Fund Account and balance 45% is transferred to NFCL Operations and NFCL inturn pays to GAIL.

Department of Fertilizers (DOF) has revised the Office Memorandum on subsidy sharing mechanism vide No 12012/30/2013-FPP dated 20.05.2020, to transfer 60% of subsidy to Gas Pool Fund Account and 40% to NFCL for its operations. On NFCL share, GAIL has a first preference as per Escrow Agreement between GAIL, NFCL & IDBI which is amended on 18.7.2020 with validity till 30.06.2021.

## 12. Cash and Cash Equivalents

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Balances with Banks</b>		
In Current Accounts		
Unclaimed Dividend - Earmarked accounts	-	278.55
Others	4,880.00	4,657.81
Cheques, drafts on hand	-	300.09
Cash on hand	15.92	385.21
<b>Total</b>	<b>4,895.92</b>	<b>5,621.66</b>

12.1. Includes Rs 2,000.00 Lakhs earmarked for Key trade case as per the order of High Court of Telangana dated April 23, 2019.

## 13. Other Bank Balances

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Earmarked balances with Banks in Deposit Accounts</b>		
Margin Money Deposits	8,994.58	9,014.55
<b>Total</b>	<b>8,994.58</b>	<b>9,014.55</b>

## 14. Share Capital

₹ in Lakhs

Particulars	31st March, 2020		31st March, 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 1/- each	6,21,00,00,000	62,100.00	6,21,00,00,000	62,100.00
Preference Shares of ₹ 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 ₹ 1/- each	59,80,65,003	5,980.65	59,80,65,003	5,980.65



## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 14.1. Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year

Particulars	31st March, 2020		31st March, 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Equity Shares of ₹ 1/- each</b>				
Balance at the beginning of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65
Balance at the end of the year	59,80,65,003	5,980.65	59,80,65,003	5,980.65

### 14.2. Rights, Preferences and Restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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 creditors. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 14.3. Details of shareholders holding more than 5% of the Shares

Particulars	31st March, 2020		31st March, 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Equity Shares of ₹ 1/- each</b>				
Amlika Mercantile Private Limited	2,96,072,140	49.51	2,96,072,140	49.51
Zuari Agro Chemicals Limited	32,267,741	5.40	32,267,741	5.40

### 14.4. Aggregate number of shares issued for consideration other than cash

59,80,65,003 equity shares of Rs. 1/- each (aggregating to Rs. 5,980.65 Lakhs) were allotted as fully paid up pursuant to a Composite Scheme of Arrangement and Amalgamation during the year 2011-12.

## 15. Other Equity

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Capital Reserve</b>		
Opening Balance	51,853.85	51,853.85
Add: Reversal of capital reserve on account of consolidation	-	-
<b>Closing Balance</b>	<b>51,853.85</b>	<b>51,853.85</b>
<b>Securities Premium</b>		
Opening Balance	1,09,619.35	1,09,619.35
Add: On allotments during the year	-	-
<b>Closing Balance</b>	<b>1,09,619.35</b>	<b>1,09,619.35</b>
<b>General Reserve</b>		
Opening Balance	13,382.57	13,382.57
Add: Transfer from Debenture Redemption Reserve	-	-
<b>Closing Balance</b>	<b>13,382.57</b>	<b>13,382.57</b>
<b>Retained Earnings</b>		
Opening Balance	(1,22,129.48)	(73,514.38)
Add: Loss after tax for the year	(45,889.24)	(48,623.54)
Items of other comprehensive income directly recognised in retained earnings		
- Remeasurement of post employment benefit obligations, net of tax	341.65	8.44
Closing Balance	(1,67,677.07)	(1,22,129.48)
Non-Controlling Interest	2.82	2.82
<b>Total</b>	<b>7,181.52</b>	<b>52,729.10</b>

### Nature and purpose of reserves

- 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.
- 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.
- Debenture Redemption Reserve: This reserve was created for redemption of non-convertible debentures.
- General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

(e) Retained Earnings: Retained earnings are the profits earned or loss incurred by the Company till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

### 16. Borrowings

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>Term Loans (Secured)</b>				
<b>From Banks</b>				
From Banks (Refer Note 16.1)	-	-	22,853.24	36,016.99
From Others (Refer Note 16.2)	29.33	39.50	15.71	87.71
<b>Corporate Loan (Secured)</b>				
From Banks (Refer Note 16.3)	-	-	-	1,198.24
<b>Deferred Payment Liabilities (Unsecured) (Refer Note 16.4 and 23)</b>				
Sales tax Deferral	3,013.09	3,226.52	525.10	610.32
<b>Total</b>	<b>3,042.42</b>	<b>3,266.02</b>	<b>23,394.05</b>	<b>37,913.26</b>
The above amount includes:				
Secured Borrowings	29.33	39.50	22,868.95	37,302.94
Unsecured Borrowings	3,013.09	3,226.52	525.10	610.32
Amount disclosed under the head	-	-	(23,394.05)	(37,913.26)
Other Financial Liabilities (Refer Note 23)				
<b>Total</b>	<b>3,042.42</b>	<b>3,266.02</b>	-	-

#### 16.1. Working Capital Term Loan: In Rupees from Banks

16.1.1. Working Capital Term loans from banks together with interest accrued thereon, are secured by way of:

- a first charge on the fixed assets of the Company present and future ranking pari-passu, inter se, those lenders other than those mentioned in Note 16.2 and 16.3. Charge created through an equitable mortgage by deposit of title deeds of immovable property(except some land parcel) of the Company.
- a first charge on the current assets of the Company ranking pari-passu, inter se, the lenders.
- Pledge, on pari passu basis, a portion of their shares in the company by it's core promoter\*.

16.1.2. Also personally guaranteed by Shri K.S.Raju and Shri K Rahul Raju\*.

16.1.3. The details of rate of interest and repayment of above Working Capital Term Loans are as follows: ₹ in Lakhs

S.No.	Bank	Rate of Interest %	Balance as on March 31, 2020	Repayment Schedule		
				Number of Instalments	Frequency	Commencing from
a)	IDBI Bank Limited	BBR +3.00	21,800.00	23	Quarterly	Jul-16
b)	State Bank of India	MCLR+4.10	16,648.24	23	Quarterly	Jul-16
c)	ICICI Bank Limited	I-MCLR+4.35	5,460.00	23	Quarterly	Jul-16
d)	UCO Bank	SBI Base rate + 4.50	1,007.50	23	Quarterly	Jul-17
	<b>Total</b>		<b>44,915.74</b>			

16.1.4. Details of default in repayment of Term Loans and interest, as at the period end, are:

Particulars	March 31, 2020		March 31, 2019	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
IDBI Bank Limited	0-640 days	11,900.00	0-274 days	5,100.00
State Bank of India	0-640 days	7,770.00	0-274 days	3,330.00
ICICI Bank Limited	0-456 days	2,100.00	0-90 days	420.00
UCO Bank	0-549 days	292.50	0-91 days	48.75
<b>Interest</b>				
IDBI Bank Limited	0-579 days	5,355.44	0-274 days	2,658.49
State Bank of India	0-640 days	5,445.20	0-274 days	2,191.79
ICICI Bank Limited	0-457 days	1,089.44	0-152 days	378.86
UCO Bank	0-426 days	189.09	0-60 days	32.11

\*The personal guarantees and share pledge were agreed to for the CAP loans assessed by lenders for rectification.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 16.2. Term Loans – from Others

**16.2.1.** The term loan from Department of Bio Technology (DBT) availed for Process Development Unit is secured by way of hypothecation of all equipment, apparatus, machineries, spare tool and other accessories and goods and / or the other movable properties of the Company acquired for the project.

**16.2.2.** Details of rate of interest and repayment are as under.

₹ in Lakhs

Name	Rate of Interest %	Balance as on March 31, 2020	Repayment Schedule
Department of Bio Technology	2	216.00	10 Semi annual Instalments commencing from October 31, 2014
Department of Bio Technology	2	16.00	10 Semi annual Instalments commencing from June 30, 2014
Department of Bio Technology	2	68.60	10 Semi annual Instalments commencing from Oct 18, 2018

**16.2.3.** Details of default in repayment of term and interest as at the period end are:

₹ in Lakhs

Name	March 31, 2020		March 31, 2019	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
Department of Bio Technology	0-671 days	255.56	0-305 days	167.85
<b>Interest</b>				
Department of Bio Technology	0-671 days	69.15	0-305 days	33.93

### 16.3. Corporate Loan

**16.3.1.** Rupee loan availed from State Bank of India is secured by first charge on chargeable current assets of the Company ranking pari-passu with other banks in the consortium and collateral security on the Company's immoveable properties ranking pari-passu with working capital lenders. Further, secured by personal guarantee of Shri K.S.Raju.

**16.3.2.** Details of rate of interest and repayment are as under.

₹ in Lakhs

Bank / Institution	Rate of Interest %	Balance as on March 31, 2020	Repayment Schedule		
			Number of Instalments	Frequency	Commencing from
State Bank of India	MCLR+5.10	2,398.24	20	Qtrly.	Dec-14

**16.3.3.** Details of default in repayment of term and interest as at the period end are:

₹ in Lakhs

Name	March 31, 2020		March 31, 2019	
	Period of Default	₹ in Lakhs	Period of Default	₹ in Lakhs
<b>Principal</b>				
State Bank of India	0-640 days	2,398.24	0-274 days	1,200.00
<b>Interest</b>				
State Bank of India	0-640 days	783.71	0-274 days	311.42

### 16.4. Sales Tax Deferral

The Govt. of Andhra Pradesh has extended to the Company, the incentive of sales tax deferral scheme pursuant to which the sales tax attributable to the sales effected out of production is deferred (interest-free) for a period of 14 years from March 19, 1998. The deferred sales tax in respect of above outstanding as on March 31, 2020 is Rs.5,005.23 Lakhs (Previous Year Rs.5,637.47 Lakhs) based on the sales tax returns for which repayments commenced from March 19, 2012.

The Company has defaulted in payment of installment of Rs.610.32 Lakhs for a period of 12 days as at the year end.

### 16.5.

The Company has continued to default on repayment of principal and interest during the year on the borrowings from various lenders on account of continued losses and the lenders have accordingly classified the company's account as NPA in the financial year 2018-19.

The company is in discussion with the lenders for a debt resolution plan. However, the lenders continued to support the company and have initially permitted 'Holding on Operations' (HOO) from December 2018 which has facilitated operations of one Urea Plant from December 2018 till the end of the current financial year.

Pending completion of the resolution plan and pending receipt of confirmation of balances from various lenders, the Company has accounted for the interest / penal interest during the year based on the prevailing rate of interest and internal working.

Adjustments, if any, for the interest and penal interest accounted will be dealt on completion and on the outcome of Resolution Plan.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**17. Other Financial Liabilities (Non-current)**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Deposits from dealers	7,466.04	7,561.46
Other Deposits - (Retention, EMD etc.)	242.72	291.40
<b>Total</b>	<b>7,708.76</b>	<b>7,852.86</b>

**18. Provisions**

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Provision for employee benefits				
- for Leave Benefit (net of plan assets)	362.37	435.52	420.41	553.92
<b>Total</b>	<b>362.37</b>	<b>435.52</b>	<b>420.41</b>	<b>553.92</b>

**19. Deferred Tax Liabilities (Net)**

Deferred Tax Liability as at year end comprises the following:

₹ in Lakhs

Particulars	Nature	31st March, 2020	31st March, 2019
<b>On account of -</b>			
Depreciation / amortization	Liability	39,703.35	41,961.25
Land	Liability	2,968.28	2,968.28
Employee benefit provision	Asset	273.54	345.75
Unabsorbed Loss and Depreciation under tax laws	Asset	11,322.02	10,252.09
Government grant	Asset	180.57	193.45
<b>Total</b>	<b>Net Liability</b>	<b>30,895.50</b>	<b>34,138.24</b>
Charge / (Credit) for the year		(3,242.74)	

**20. Government Grant**

₹ in Lakhs

Particulars	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Government Grant related to				
- Sales tax deferral (Refer Note 16.4)	1,031.00	1,374.66	343.67	343.67
- Loan from Dept. Bio-Technology (Refer Note 16.2)	10.61	14.86	4.24	4.24
<b>Total</b>	<b>1,041.61</b>	<b>1,389.52</b>	<b>347.91</b>	<b>347.91</b>

**21. Borrowings (Current)**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Loans repayable on demand</b>		
<b>Secured (Refer Note 21.1 and 21.2)</b>		
From Banks		
In Rupees - Cash Credit	119,916.04	117,007.70
In Rupees - Short Term Loan	6,974.02	7,121.62
Interest Accrued - CC Account	20,960.19	5,167.71
<b>Total</b>	<b>147,850.25</b>	<b>129,297.03</b>

**21.1.** Working Capital facilities from banks are secured by hypothecation by way of first charge on current assets (stock in trade, book debts and stores and spares), present and future and second charge on the fixed assets of the Company. Working Capital facilities from banks are personally guaranteed by Shri K.S.Raju and personal guarantee of Shri. K Rahul Raju to some of the banks\*.

**21.2.** Over due Interest as on 31.03.2020 represents Rs 28,938.25 Lakhs on short term borrowings (previous year Rs.10,263.03 Lakhs) after adjustment of cut back amount of Rs. 1,194.43 lakhs

\*The personal guarantee was agreed to for the CAP loans assessed by lenders for rectification.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**22. Trade Payables**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Trade Payables - Other than Acceptances		
(A) Micro, Small, Medium Enterprises (MSMEs)	135.37	201.07
(B) Other than MSMEs	130,966.65	74,679.37
<b>Total</b>	<b>131,102.02</b>	<b>74,880.44</b>

22.1. Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
A. Principal amount remaining unpaid	135.37	201.07
B. Interest due thereon	12.24	14.79
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.	Nil	Nil
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.	Nil	27.00
E. Interest accrued and remaining unpaid	12.24	41.79
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.	Nil	Nil

**23. Other Financial Liabilities (Current)**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Financial Liabilities at amortised cost</b>		
Current maturities of long term debt (Refer Note 16)	23,394.06	37,913.27
Interest accrued and due (Refer Note 23.1)		
In Rupees from Banks (Refer Note 16.1.4)	12,079.17	5,261.25
In Rupees from Others (Refer Note 16.2.3)	69.15	33.93
Corporate Loan (Refer Note 16.3.3)	783.71	311.42
Unclaimed Dividends (Refer Note 23.2)	-	278.55
Overdue Term Loans		
In Rupees from Banks (Refer Note 16.1.4)	22,062.50	8,898.75
In Rupees from Others (Refer Note 16.2.3)	255.56	167.85
Corporate Loan (Refer Note 16.3.3)	2,398.24	1,200.00
Overdue Deferred Payment Liabilities (Refer Note 16.4)	610.32	632.24
<b>Other payables</b>		
Deposits	357.01	209.51
Others	2,804.71	3,505.06
Payable on purchase of fixed assets	1,531.81	2,209.70
<b>Total</b>	<b>66,346.24</b>	<b>60,621.53</b>

23.1. Over due Interest as on 31.03.2020 represents Rs 12,862.88 Lakhs on term loans (previous year Rs. 5,572.67 Lakhs) after adjustment of cut back amount Rs. 1,235.25 Lakhs.

23.2. The Company has transferred the balance amount lying in unclaimed dividend account which was more than seven years from the date of declaration of dividend to the Investor Education Protection Fund (IEPF) administered by the Central Government.

**24. Other Current Liabilities**

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Other payables</b>		
Statutory Payables	1,421.94	1,356.84
<b>Total</b>	<b>1,421.94</b>	<b>1,356.84</b>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

## 25. Revenue from Operations

₹ in Lakhs

Particulars	2019-20	2018-19
<b>Sales, including Subsidy on products</b>		
<b>Manufactured goods</b>		
Urea (Refer Note 25.1) *	1,59,946.06	1,40,807.69
Customised Fertilizers	1,719.21	2,356.48
Extruded Irrigation systems	4,974.66	17,675.60
<b>Total - A</b>	<b>1,66,639.93</b>	<b>1,60,839.77</b>
<b>Traded goods</b>		
Pool Urea \$	1,803.35	17,593.56
Specialty Fertilizers	374.69	7,090.48
Others	493.02	5,594.29
<b>Total - B</b>	<b>2,671.06</b>	<b>30,278.33</b>
<b>Sale of Products</b>		
<b>Total - (A+B)</b>	<b>1,69,310.99</b>	<b>1,91,118.10</b>
<b>Sale of Services</b>	1,101.23	2,819.91
<b>Other Operating revenues (sale of scrap, etc.)</b>	39.21	96.75
<b>Total</b>	<b>1,70,451.43</b>	<b>1,94,034.76</b>

\* including Government Subsidy Rs.1,23,903.49 Lakhs (Previous Year Rs.1,07,445.35 Lakhs).

\$ including reimbursements from Government Rs. 433.16 Lakhs (Previous Year Rs. 4,709.37 Lakhs)

## 25.1. 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, 2019 to March 31, 2020 have been recognized based on notified rates as per respective policies.

Income towards reimbursement claims towards additional fixed cost Rs.2,373.86 Lakhs (Previous Year Rs.2,074.57 Lakhs), Input de-escalations Rs.577.92 Lakhs (Previous year de-escalations Rs.982.03 Lakhs), and for production beyond reassessed capacity Rs.Nil Lakhs (Previous year Rs. Nil Lakhs) have been accounted for during the year as per the prices and provisions applicable under NPS III, Modified NPS-III, NUP 2015 and Department of Fertilizers Letter dated March 30, 2020 issued with reference to Modified NPS-III policy notified on April,02,2014. Adjustments, if any, required will be considered on notification of final prices.

- 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, 2019 to March, 2020, has been recognized in the accounts for the entire quantities received in the States under DBT scheme.

## 26. Other Income

₹ in Lakhs

Particulars	2019-20	2018-19
Interest on Bank Deposits and others	618.16	677.06
Government grants	347.91	347.91
Other non-operating income	1,891.29	1,622.82
Profit on sale of assets	42.23	-
<b>Total</b>	<b>2,899.59</b>	<b>2,647.79</b>

## 27. Cost of Materials consumed

₹ in Lakhs

Particulars	2019-20	2018-19
Natural Gas	72,903.61	59,280.99
Plastic Granules	1,230.54	6,073.41
PVC resin	344.39	1,336.54
Others	1,915.76	2,090.30
Packing Material	2,168.11	2,160.89
<b>Total</b>	<b>78,562.41</b>	<b>70,942.12</b>

## 28. Purchase of Stock-in-Trade

₹ in Lakhs

Particulars	2019-20	2018-19
Pool Urea	34.86	13,858.43
Specialty Fertilizers	226.45	4,572.89
Packing Material	87.96	911.58
Others	1,045.74	6,512.70
<b>Total</b>	<b>1,395.01</b>	<b>25,855.60</b>

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**29. Changes in inventories of finished goods, stock-in-trade and work in progress:** ₹ in Lakhs

Particulars	2019-20	2018-19
<b>Inventories at the beginning of the year</b>		
Traded goods	2,822.05	3,114.44
Finished Goods	4,168.61	7,556.52
Work in Process	188.87	57.07
<b>Total - A</b>	<b>7,179.53</b>	<b>10,728.03</b>
<b>Inventories at the end of the year</b>		
Traded goods	1,232.49	2,822.05
Finished Goods	6,145.46	4,168.61
Work in Process	302.71	188.87
<b>Total - B</b>	<b>7,680.66</b>	<b>7,179.53</b>
<b>Total - (A-B)</b>	<b>(501.13)</b>	<b>3,548.50</b>

**30. Employee Benefits Expense** ₹ in Lakhs

Particulars	2019-20	2018-19
Salaries and Wages	9,223.22	13,828.55
Contribution to Provident and Other Funds	593.10	907.45
Staff Welfare Expenses	716.42	1,008.92
<b>Total</b>	<b>10,532.74</b>	<b>15,744.92</b>

**31. Finance cost** ₹ in Lakhs

Particulars	2019-20	2018-19
Interest	29,042.66	27,465.68
Other borrowing costs		
LC Charges	-	541.85
Others	3,836.73	2,791.95
<b>Total</b>	<b>32,879.39</b>	<b>30,799.48</b>

**31.1.** Company accounts have become NPA since Previous Year 2018-19. Interest provided in Statement of Profit and Loss for the current year Rs 8,525.46 Lakhs on term loan (previous year Rs 5,572.67 Lakhs) and Rs 20,476.44 Lakhs on short term borrowings (previous year Rs 10,263.03 Lakhs) is on provisional basis and for the NPA period. Only few banks are debiting the interest on short term borrowings post becoming NPA.

**32. Depreciation and amortization expense** ₹ in Lakhs

Particulars	2019-20	2018-19
Depreciation of property, plant and equipment	8,213.49	8,391.62
Amortisation of intangible assets	-	491.40
<b>Total</b>	<b>8,213.49</b>	<b>8,883.02</b>

**33. Other Expenses** ₹ in Lakhs

Particulars	2019-20	2018-19
Catalysts charge	-	170.07
Chemicals and consumables	507.82	630.19
Conversion Charges	171.91	156.07
Rent	762.40	840.32
Rates and Taxes	368.43	217.45
Electricity and Water	117.11	188.24
Stores and Spares Consumed	222.66	594.12
Repairs and Maintenance		
Buildings	7.19	21.99
Plant and Machinery	193.96	717.70
Others	566.32	667.88
Insurance	1,047.92	409.31
Printing and Stationery	53.78	97.70
Postage, Telephone and Telex	94.08	158.94
Travelling and Conveyance	702.80	1,273.50
Advertisement and Publicity	209.30	1,482.87
Employee Recruitment and Training	25.83	60.80
Legal, Secretarial and Share Registry	444.37	663.75

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Particulars	2019-20	2018-19
Professional and Consultancy	1,262.69	756.50
Directors Sitting Fees	7.35	10.95
Loss on Sale of Assets / Assets discarded	-	311.22
Auditors' remuneration	93.04	101.58
Corporate Social Responsibility Expenditure (Refer Note 33.1)	-	33.10
Transport and Handling	9,806.07	15,272.80
Distribution	324.53	1,110.68
Sales Commission / discounts / rebates	617.71	1,859.23
Bad Debts / Advances written off	1,423.84	7.28
Provision for doubtful debts / advances	1,607.23	518.72
Provision for diminution in value of Investments	-	-
Impairment of assets	-	1,493.67
Loss on foreign currency transactions	268.90	155.30
Miscellaneous	474.07	1,286.46
<b>Total</b>	<b>21,381.31</b>	<b>31,268.39</b>

**33.1. Details of Corporate Social Responsibility Expenditures**

₹ in Lakhs

Particulars	2019-20	2018-19
a) Gross amount required to be spent by the Company during the year	-	-
b) Amount spent by the Company during the year	-	33.10

c) Amount spent by the company represents contribution to Nagarjuna Foundation, a not-for-profit company incorporated under Section 25 of the Companies Act, 1956 (section 8 of the Companies Act, 2013). The foundation undertakes CSR activities in areas of social welfare, health care, public health, education, natural calamities, upliftment of society, sports etc.,

**34. Exceptional items**

₹ in Lakhs

Particulars	2019-20	2018-19
Provision for doubtful advances	-	1,885.95
<b>Total</b>	<b>-</b>	<b>1,885.95</b>

The Company gave periodical advances to M/s Nagarjuna Oil Refinery Ltd., (NORL) from April 1, 2011 to November 30, 2018 pursuant to the Composite Scheme of Arrangement and Amalgamation approved by the High Courts of Mumbai and Andhra Pradesh.

In view of the value of investment in NORL becoming Zero and has no other source of generating revenue, the Company filed a petition in NCLT, Hyderabad Bench for recovery of the advances given. The NCLT bench of Hyderabad has appointed an Interim Resolution Professional on 9th April 2019 to oversee the resolution process. Since the net worth of NORL is negative, and the possibility for recovery for advances from NORL is remote, provision is made for the entire amount of advance i.e., Rs 1,885.95 lakhs pending finalisation of Resolution Process of NORL.

**35.** The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy. Pursuant to blast in the gas pipeline of GAIL on June 27, 2014 resulted in shutdown for 124 and 41 days of Plant I and Plant II respectively and continued shortfall of gas supply during that year and subsequent year resulting in significant losses coupled with delays in realisation of subsidy dues from Government of India and its consequent effect on the working capital. These factors have resulted in increase of working capital borrowings, both current and non-current.

The Company continued to operate under strained financial conditions and continued to incur losses. Due to financial stress the Company's plants were shutdown from July 03, 2018 to December 22, 2018. The company has taken up with its Lenders for a long-term financial Resolution Plan (RP) and the lenders continued to support the company and have initially permitted 'Holding on Operations' (HOO) from December 2018. Such HOO continued till the end of the current financial year and further extended till October 31, 2020. The Company had operated only one plant for production of urea during the current financial year 2019-20. As at the year end, the Company's networth has reduced significantly and current liabilities exceeded current assets by Rs 1,89,437.84 Lakhs.

In view of these continued losses and operating with single plant under HOO, the company faced severe liquidity crisis and was unable to meet payments to its secured lenders, employees and vendors. Further, the Company has also defaulted in remitting statutory and other payments on time.

In view of these circumstances, the Company had submitted a resolution plan in terms of extant guidelines issued by the Reserve Bank of India to its lenders for their consideration and approval. The said resolution plan, amongst other things, include:

- Segregation of debt into sustainable and unsustainable debt
- Reduction in the rate of interest, etc.
- Induction of new investors and infusion of funds

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

Lenders held a series of Joint Lenders Meetings since the company requested the resolution plan for suggestions of all the other lenders. In the several meetings held during the months from February 2020 to June 2020, there was an in principle discussion on the terms of the proposed debt under RP. All the lenders have favorably agreed to the way forward in the key lenders meeting with new investors. The lead bank had organized various third-party studies for Techno Economic Viability (TEV), Rating agencies and valuers.

Keeping in view the status of discussions of lenders with potential investors, the Company is hopeful of the positive outcome of consideration and approval of resolution plan.

Accordingly, the financial statements for the year 2019-20 are drawn on a going concern basis, pending finalization of resolution plan by the lenders.

### 36. Tax Reconciliation

#### a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2020 and March 31, 2019 are as follows:

##### (i) Profit or loss section

₹ in Lakhs

Particulars	2019-20	2018-19
Current tax expense	-	-
Tax expense relating to earlier years	77.52	-
Deferred tax	(3,423.55)	(3,616.45)
Total income tax expense recognised in statement of Profit & Loss	<b>(3,346.03)</b>	<b>(3,616.45)</b>

##### (ii) OCI Section

₹ in Lakhs

Particulars	2019-20	2018-19
Net gain on remeasurement of defined benefit plans	522.46	12.91
Income tax charged to OCI	(180.81)	(4.47)

#### (b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019.:

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Accounting profit before tax from continuing operations	(49,235.28)	(52,239.99)
Accounting profit before tax from discontinuing operations	-	-
<b>Accounting loss before income tax</b>	<b>(49,235.28)</b>	<b>(52,239.99)</b>
At India's statutory income tax rate of 34.944%	(17,675.06)	(18,411.98)
Adjustments in respect of current income tax of previous years	77.52	-
Current year losses for which we have not created deferred tax assets	13,664.09	13,519.08
Previous year losses for which created deferred tax assets	(473.36)	-
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	1,164.07	1,443.94
Deferred tax on land	-	15.75
Deductible expenses for tax purposes:		
Other Deductible expenses	-	(178.76)
<b>Income tax Expense</b>	<b>(3,242.74)</b>	<b>(3,611.97)</b>

The Company has unabsorbed losses and depreciation of Rs.1,39,557.49 lakhs (March 31, 2019: Rs. 98,747.45 Lakhs). Deferred tax assets in respect of unabsorbed depreciation and carried forward losses 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. The Company had created deferred tax asset on business loss of FY 2013-14 of Rs 13,997.24 Lakhs and the same is eligible to be carried forward up to FY 2020-21. Accordingly the Company is continuing to recognise the deferred tax asset on the said loss inspite of continued losses, expecting the completion of Resolution Plan in FY 2020-21 (Refer Note 35). The Company has not created deferred tax assets on unabsorbed business losses of Rs.96,913.94 Lakhs (March 31, 2019: Rs. 69,408.83 Lakhs).

₹ in Lakhs

Particulars	As at 01-Apr-18	Provided during the year	As at 31-Mar-19	Provided during the year	As at 31-Mar-20
<b>Deferred tax liability:</b>					
Related to Fixed Assets (Depreciation/ Amortisation)	47,734.63	(2,805.10)	44,929.53	(2,257.90)	42,671.63
<b>Total deferred tax liability (A)</b>	<b>47,734.63</b>	<b>(2,805.10)</b>	<b>44,929.53</b>	<b>(2,257.90)</b>	<b>42,671.63</b>
<b>Deferred tax assets:</b>					
Carry forward Business Loss / Unabsorbed Depreciation	9,497.87	754.22	10,252.09	1,069.93	11,322.02
Employee benefit provisions	298.91	46.84	345.75	(72.21)	273.54
Others	187.63	5.82	193.45	(12.88)	180.57
<b>Total deferred tax assets (B)</b>	<b>9,984.41</b>	<b>806.88</b>	<b>10,791.29</b>	<b>984.84</b>	<b>11,776.13</b>
<b>Deferred Tax liability (Net) (A-B)</b>	<b>37,750.22</b>	<b>(3,611.98)</b>	<b>34,138.24</b>	<b>(3,242.74)</b>	<b>30,895.50</b>

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

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 relate to income taxes levied by the same tax authority.

### 37. Contingent Liabilities and Commitments

#### 37.1. Contingent Liabilities not provided for

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>i) Claims against the Company not acknowledged as debt:</b>		
a) Tax matters in appeal:		
- Income Tax	36.31	344.46
- Other taxes	802.87	912.63
b) Matters under arbitration (Refer Note 37.1.1)	17,789.54	13,851.70
c) Others	22,041.43	15,590.75
<b>ii) Other money for which the Company is contingently liable :</b>		
a) Counter guarantees given to Bankers in respect of Bank guarantees	990.11	1,437.77
b) Compensation in respect of 33.35 acres (Previous year 33.35 acres) of land in possession - amount not ascertained	-	-
<b>Total</b>	<b>41,660.25</b>	<b>32,137.31</b>

##### 37.1.1.

(a) In relation to some of the contracts for purchase of fertilisers, an international Arbitration Award has been passed against the 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, 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 amount deposited with the court in respect of Onshore contract. The Company continues to proceed legally and hence the balance claims have been disclosed as contingent liabilities as at March 31, 2020 in these financial statements.

#### 37.2. Commitments

##### 37.2.1.

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,556.54	1,671.90

**37.2.2.** In terms of Composite Scheme of Arrangement and Amalgamation approved by Jurisdictional Courts, the Company has Commitment towards contribution to Nagarjuna Oil Refinery Limited (NORL) a sum of Rs.100.00 Lakhs per year or such amount as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs (Refer Note 6.2.1).

### 38. Related party transactions: (Disclosures as required by Ind AS 24 - Related Party Disclosures)

#### 38.1. List of related parties and their relationships

##### Subsidiaries

(i) Jaiprakash Engineering and Steel Company Limited

##### Associates

(i) Nagarjuna Agricultural Research and Development Institute Private Limited

(ii) KVK Raju International Leadership Limited



## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**Key Management Personnel**

- (i) Mr.K.Rahul Raju, Managing Director
- (ii) Mr. H Muralidhar, CFO (Resigned on 01.11.2019)
- (iii) Mr. K. Chandrasekhar Naidu, Company Secretary (Resigned on 20.07.2019)
- (iv) Mr. M Vijaya Bhasker, Company Secretary (w.e.f 29.11.2019)

**Relatives of Key Management Personnel.**

- (i) Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)
- (ii) Mr. K S Raju (Retired on 19.01.2019)

**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) Ms. Girija Bhan, Independent Director w.e.f 11.11.2019
- (v) Mr. K C Bhanu, Independent Director w.e.f 11.11.2019
- (vi) Mr. VVS Ravindra, Nominee Director IDBI
- (vii) Mr. Syed Shahabuddin, Nominee Director withdrawn w.e.f 13.06.2019
- (viii) Mr. C B Mouli, Independent Director (Resigned on 17.10.2019)

**Enterprises able to exercise significant influence**

- (i) Amlika Mercantile Private Limited

**Enterprises significantly influenced by Key Management personnel or their relatives**

- (i) Nagarjuna Oil Refinery Limited
- (ii) Nagarjuna Impex Private Limited
- (iii) Nagarjuna Foundation
- (iv) Nagarjuna Educational Trust

**38.2. Related party transactions during the period ended March 31, 2020 are as under**

₹ in Lakhs

Nature of transaction	Subsidiaries		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Advances given</b> Nagarjuna Oil Refinery Limited									-	107.57
<b>Provision for diminution in the value of investment</b> Jaiprakash Engineering and Steel Company Limited	1,346.17	450.00								
<b>Rent Received</b> Nagarjuna Agricultural Research and Development Institute Private Limited			0.10	0.10						
<b>Rent paid</b> Shri K Rahul Raju					559.32	597.44				
Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)		-		-			30.00	30.00		
Nagarjuna Impex Private Limited		-		-					14.00	21.00
<b>Corporate Social responsibility (Donation)</b> Nagarjuna Foundation		-		-					-	33.10

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

## 38.3. Balances outstanding at the period end March 31, 2020

₹ in Lakhs

Nature of transaction	Subsidiaries		Associates		Key Mgmt. Personnel		Relatives of Key Mgmt. Personnel		Enterprises significantly influenced by Key Management personnel or their relatives	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Loans and Advances</b>										
Nagarjuna Oil Refinery Limited									1,885.95	1,885.95
<b>Investments</b>										
Jaiprakash Engineering and Steel Company Limited	2,256.17	2,256.17								
Nagarjuna Agricultural Research and Development Institute Private Limited			2.50	2.50						
KVK Raju International Leadership Limited			15.00	15.00						
Provision for diminution in the value of investment	2,256.17	910.00	17.50	17.50						
<b>Provision for doubtful advances</b>									1,885.95	1,885.95
Nagarjuna Oil Refinery Limited										
<b>Rental and other deposits with</b>										0.40
NACL Industries Limited										
Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)							85.00	85.00		
Nagarjuna Impex Private Limited										5.00
Shri.K Rahul Raju					284.49	284.49				
<b>Trade Payables</b>					980.45	415.15	0.00		0.00	
Shri.K Rahul Raju										
Nagarjuna Educational Trust									48.56	25.04
Nagarjuna Impex Private Limited									8.23	15.12
Smt. K Lakshmi Raju (Sister of Shri K Rahul Raju)							32.50	15.15		
<b>Other Current Financial Liabilities</b>										
Shri K S Raju					0.00	0.09				
Shri K Rahul Raju					15.42	11.70				
Mr. H Muralidhar					6.28	7.22				
Mr. K. Chandrasekhar Naidu					2.81	3.31				
Mr. M. Vijaya Bhaskar					2.87	0.00				

**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 year -end 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 period ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: 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.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

Compensation of key management personnel of the Company	31st March, 2020	31st March, 2019
(a) short-term employee benefits;	112.10	168.71
(b) post-employment benefits;	13.64	27.53
(c) Sitting fees to non-executive directors;	7.35	10.95
<b>Total compensation paid to key management personnel</b>	<b>133.09</b>	<b>207.19</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The Board of Directors of the Company at their meeting held on May 26, 2017, re-appointed Mr KS Raju as Chairman and Director of the Company and Mr. K Rahul Raju as Managing Director of the Company for a period of three years with effect from August 01, 2017. The remuneration paid to Mr KS Raju (up to January 19, 2019- retired) and Mr. K Rahul Raju, was not in compliance with Schedule V to the Companies Act, 2013, in view of the defaults in repayment of its debts/ debentures/ interest payable thereon, which requires the approval of the members and Central Government.

Subsequently vide Companies (Amendment) Act 2017, the Ministry of Corporate Affairs has done away with the requirement of approval of the Central Government where the remuneration is not in compliance with Schedule V of the Companies Act, 2013, but requires prior approval of Banks, Financial Institutions or any other secured creditor before placing the matter for shareholders' approval at the General Meeting in view of defaults made by the Company.

As on date the Company has received the approval from IDBI, ICICI and SBI for the remuneration paid to Mr KS Raju (up to January 19, 2019- retired) and Mr. K Rahul Raju, Managing Director and is yet to receive from UCO Bank, Indian Overseas Bank, Punjab National Bank, Bank of India.

The Company is pursuing with the remaining bankers for its approval for the payment of remuneration paid to Mr KS Raju (up to January 19, 2019- retired) and Mr. K Rahul Raju, Managing Director.

### 39. Segment Reporting

The financial results comprise the combined operations of the Company relating to the Fertilizer, Micro Irrigation, Agri Services and Wind Energy generation businesses. The financial results of Micro Irrigation, Wind Energy and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not they 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

₹ in Lakhs

Particulars	Revenue from external customers		Non-current assets*	
	Year Ended 31st March, 2020	Year Ended 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
India	1,69,709.05	1,92,335.93	2,42,813.57	2,50,926.59
Outside India	742.38	1,698.83	-	-
<b>Total</b>	<b>1,70,451.43</b>	<b>1,94,034.76</b>	<b>2,42,813.57</b>	<b>2,50,926.59</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

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Subsidy claims on Government of India pursuant to its Fertilizer subsidy policies	1,24,336.65	1,12,154.72
<b>Total</b>	<b>1,24,336.65</b>	<b>1,12,154.72</b>

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

## 40. Fair Value

## Category-wise classification of Financial Instruments

₹ in Lakhs

Particulars	Refer Note	Non Current		Current	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>Financial assets measured at amortised cost</b>					
Security deposits	6	994.31	564.12	55.97	523.90
Deposit - Electricity Duty	6			3,255.85	3,255.85
Security Deposit with KIADB	6	54.38	54.38	-	-
Deposit with KIADB - Land	6	1,759.47	1,759.47	-	-
Loans and advances to related parties	6	-	-	-	-
Loans to employees	6	-	-	-	3.41
Non current margin money deposit	7	15.50	1.03	-	-
Bank deposits with more than 12 months maturity	7	13.46	12.63	-	-
Interest accrued on deposit and advances	7	-	-	773.54	248.44
Unbilled revenue	7	-	-	139.20	437.63
Claims receivable	7	-	-	2.73	14.94
Trade receivables	11	-	-	122,647.86	83,150.23
Cash and cash equivalents	12	-	-	4,895.92	5,621.66
Other Bank balances	13	-	-	8,994.58	9,014.55
<b>Financial liabilities measured at amortised cost</b>					
Term loans from banks	16	-	-	22,853.24	36,016.99
Term loans from others	16	29.33	39.50	15.71	87.71
Corporate loan from banks	16	-	-	-	1,198.24
Deferred Payment Liabilities	16	3,013.09	3,226.52	525.10	610.32
Deposits from dealers	17	7,466.04	7,561.46	-	-
Other Deposits - (Retention, EMD etc.)	17	242.72	291.40	-	-
Loans repayable on demand - cash credit	21	-	-	119,916.04	117,007.70
Loans repayable on demand - short term loan	21	-	-	6,974.02	7,121.62
Loans repayable on demand - suppliers/buyers credit	21	-	-	-	-
Trade payables	22	-	-	131,102.02	74,880.44
Interest accrued but not due	23	-	-	-	-
Interest accrued and due	23	-	-	12,932.03	5,606.60
Unclaimed dividends	23	-	-	-	278.55
Overdue term loans	23	-	-	24,716.30	10,266.60
Overdue Deferred Payment Liabilities	23	-	-	610.32	632.24
Payables towards deposits	23	-	-	357.01	209.51
Payables towards others	23	-	-	2,804.71	3,505.06
Payables towards purchase of fixed assets	23	-	-	1,531.81	2,209.70

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.

## 41. 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

₹ 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 (Refer Note 41)</b>					
Foreign exchange forward contracts	31-Mar-20	-	-	0.00	-
Foreign exchange forward contracts	31-Mar-19	-	-	0.00	-

The fair values of the foreign exchange forward contracts have been determined based on the valuation report obtained from the bank. Significant observable inputs used in the valuation report are quoted forward exchange rates.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 42. 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 also entered into derivative transactions.

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. 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 3 years past due. Even though 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 Statement of Profit and 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

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Long-term loans and advances	2,808.16	2,377.97
Other long term financial assets	28.95	13.66
Short-term loans and advances	5,198.67	5,669.11
Other financial assets	915.47	701.01
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	127,372.76	86,267.90



**Notes forming part of the consolidated financial statements for the year ended March 31, 2020**

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:

₹ in Lakhs

Particulars	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
<b>Trade receivables as of 31st March, 2020</b>						
Government	1,05,704.29	1,114.56	1,157.59	400.88	12,957.31	1,21,334.62
Non Government	92.31	65.72	87.59	100.67	5,691.85	6,038.13
<b>Total</b>	<b>1,05,796.59</b>	<b>1,180.27</b>	<b>1,245.18</b>	<b>501.56</b>	<b>18,649.16</b>	<b>1,27,372.76</b>
<b>Trade receivables as of 31st March, 2019</b>						
Government	57,105.83	6,515.12	1,356.76	750.96	10,404.87	76,133.54
Non Government	512.48	674.32	308.44	422.16	8,216.96	10,134.37
<b>Total</b>	<b>57,618.31</b>	<b>7,189.44</b>	<b>1,665.20</b>	<b>1,173.12</b>	<b>18,621.83</b>	<b>86,267.90</b>

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables :

₹ in Lakhs

Particulars	31st March, 2020	31st March, 2019
Start of the year	3,117.67	2,598.94
Provision for Impairment	1,607.23	518.73
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
<b>End of year</b>	<b>4,724.90</b>	<b>3,117.67</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 35.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

**Year ended March 31, 2020**

₹ in Lakhs

	Less than 1 year	1 to 5 years	>5 years	Total
Borrowings from Banks / Financial institutions	47,585.25	29.33	-	47,614.58
Interest-free sales tax deferral from State Government	1,135.42	3,304.44	-	4,439.86
Deposits payable	-	7,708.76	-	7,708.76
Working capital demand loan from bank	1,19,916.04	-	-	1,19,916.04
Short term loan from bank	6,974.02	-	-	6,974.02
Trade payables	1,31,102.02	-	-	1,31,102.02
Other financial liabilities	17,625.56	-	-	17,625.56

**Year ended March 31, 2019**

₹ in Lakhs

	Less than 1 year	1 to 5 years	>5 years	Total
Borrowings from Banks / Financial institutions	47,569.54	39.50	-	47,609.04
Non-convertible debentures	-	-	-	-
Interest-free sales tax deferral from State Government	1,242.56	3,051.41	1,343.49	5,637.46
Deposits payable	-	7,852.86	-	7,852.86
Working capital demand loan from bank	1,17,007.70	-	-	1,17,007.70
Short term loan from bank	7,121.62	-	-	7,121.62
Trade payables	74,880.44	-	-	74,880.44
Other financial liabilities	11,809.42	-	-	11,809.42

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 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, 2020 and March 31, 2019.

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, 2020.

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 analyses:

- 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, 2020 and March 31, 2019.

#### 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:

₹ in Lakhs

Particulars	Increase/decrease in basis points	Effect on profit before tax
31-Mar-20		
INR	+50	238.06
INR	-50	(238.06)
31-Mar-19		
INR	+50	249.25
INR	-50	(249.25)

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	₹ in Lakhs	Euro in Million	₹ in Lakhs	GBP in Million	₹ in Lakhs
<b>Foreign currency exposure as at March 31, 2020</b>						
Trade receivables	0.09	71.12	-	-	-	-
Loans and other receivables	-	-	0.44	362.11	-	-
Trade payables	1.58	(1,192.23)	0.00	(2.41)	-	-
<b>Foreign currency exposure as at March 31, 2019</b>						
Trade receivables	0.33	226.19	-	-	-	-
Loans and other receivables	-	-	0.44	362.11	-	-
Trade payables	1.62	(1,120.79)	0.02	(15.38)	0.01	(6.90)
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.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

Currency	2019-20		2018-19	
	5% increase	5% decrease	5% increase	5% decrease
USD	(56.06)	56.06	(44.73)	44.73
Euro	17.98	(17.98)	17.34	(17.34)
GBP	-	-	(0.35)	0.35
<b>Increase/(decrease) in profit or loss</b>	<b>(38.08)</b>	<b>38.08</b>	<b>(27.74)</b>	<b>27.74</b>

**43. 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. The Company includes within net debt, interest bearing loans and borrowings less cash and short term deposits.

₹ in Lakhs

Particulars	As At 31st March, 2020	As At 31st March, 2019
Interest bearing loans and borrowings (Note 16 & 21)	1,95,464.83	1,76,906.07
Less: Cash and short term deposits (Note 12 & 13)	13,890.50	14,636.21
<b>Net debts</b>	<b>1,81,574.33</b>	<b>1,62,269.86</b>
Equity share capital (Note 14)	5,980.65	5,980.65
Other Equity (Note 15)	7,181.52	52,729.10
<b>Total Capital</b>	<b>13,162.17</b>	<b>58,709.75</b>
<b>Capital and net debt</b>	<b>1,94,736.50</b>	<b>2,20,979.61</b>
<b>Gearing ratio(%)</b>	<b>93.24%</b>	<b>73.43%</b>

There have been breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. The gearing ratio as on March 31, 2020 has increased due to the Company incurred losses during the current year and, earlier years on account of events which are exceptional and due to extraneous factors. Refer Note 35.

**44. 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	₹ in Lakhs	As % of total Consolidated Profit or loss	₹ in Lakhs	As % of total Consolidated other comprehensive income	₹ in Lakhs	As % of total Consolidated total comprehensive income	₹ in Lakhs
<b>Parent</b>								
Nagarjuna Fertilizers and Chemicals Limited	86.38%	11,369.45	100%	(45,888.90)	100%	341.65	100%	(45,547.25)
<b>Subsidiaries</b>								
<b>a) Indian</b>								
Jaiprakash Engineering and Steel Company Limited	13.60%	1,789.92	0.00%	(0.34)	0.00%	-	0.00%	(0.34)
<b>Non-controlling interests in all subsidiaries</b>								
<b>a) Indian</b>								
Jaiprakash Engineering and Steel Company Limited	0.02%	2.82	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
<b>Total</b>	<b>100%</b>	<b>13,162.18</b>	<b>100%</b>	<b>(45,889.24)</b>	<b>100%</b>	<b>341.65</b>	<b>100%</b>	<b>(45,547.59)</b>

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**45.** In respect of Jaiprakash Engineering and Steel Company Ltd (JESCO), the project envisaged has not materialised. Karnataka Industrial Area Development Board (KIADB) had given possession of 986.52 acres of land (lease hold and free hold) for the project against deposit of ₹ 3,053.65 Lakhs in earlier years. JESCO approached KIADB for surrender of land allotted and refund of amount paid. KIADB agreed to refund the deposit with a condition that as and when KIADB receives request from potential investors, JESCO's lands will be offered and upon acceptance by the potential investors, such sale proceeds will be paid to JESCO in refund of its deposit. As at the year end, JESCO is in possession of 388.70 acres of land (Previous year 388.70 acres of land), the realisable value of which, in the opinion of JESCO's management is adequate to recover the deposit outstanding as at March 31, 2020.

JESCO also applied for approval to implement two projects i.e. Fertilizers and Chemicals Complex and Integrated Township to Karnataka Government for the balance land held. The Government of Karnataka has approved the projects vide Government Order (GO) No. CI 175 SPI 2011, Bangalore dated August 18, 2011, May 07, 2012 and GO No. CI 176 SPI 2011 dated August 18, 2011.

The Government of Karnataka has passed order No. CI 175 SPI 2011 Dt. 11-11-2013 cancelling the Land Allotment made to the Company stating that the Company has not implemented the approved projects and also advised KIADB to resume the balance land from the Company. The Company has filed a writ petition challenging the Order of the Govt. of Karnataka and the Hon'ble High Court of Karnataka has prohibited the Govt. of Karnataka from dispossessing the land in possession of the Company. The High Court of Karnataka on April 23, 2018 has lifted the stay and permitted the Government of Karnataka from taking possession of 160 acres of land from the Company for handing over the same to prospective applicants. JESCO filed Writ appeal against this modified order. JESCO's Writ Application was disposed. JESCO had filed a fresh W.P in 2019 challenging the allotment of 160 Acres in the Hon'ble Karnataka High Court and yet to be listed.

The stay of the High Court of Karnataka in relation to dis-possession of land in the possession of the Company for 388.70 acres continues.

Pending crystallization of plans and considering the above said developments, the Financial Statements of JESCO, for the year have been prepared on going concern basis, notwithstanding the project initially planned been shelved.

In view of the above, management is of the opinion that an additional provision of Rs.1,346.17 Lakhs be made in addition to the existing provision of Rs.910 lakhs totaling to an amount of Rs.2,256.17 Lakhs as of March 31, 2020.

These shares were pledged in favour of Banks / Financial Institutions for the term loans availed by the Company, which are repaid in full awaiting release of pledge.

## 46. Earnings per Share

₹ in Lakhs

Particulars	Unit of Measurement	2019-20	2018-19
Net (Loss) after tax	(₹ in Lakhs)	(45,889.24)	(48,623.54)
Number of Equity shares (fully paid up)	(Numbers)	598,065,003	598,065,003
Earnings per share – Basic & Diluted	[ 1 ] / [ 2 ]	(7.67)	(8.13)
(Face value of ₹ 1/- per share)			

Note: The Company has no dilutive instruments as at March 31, 2020, as such dilutive earnings per share equals to Basic Earnings per share.

**47.** In view of rapid spread of virus causing Covid-19 pandemic, Government of India imposed lockdown from 25th March 2020 to curb the spread of virus. The nationwide lockdown temporarily impacted the operations of the company due to non-availability of labour, transportation and supply chain disruptions. However, the Government classified urea and micro irrigation business of the company as "Essential Commodity" and granted certain relaxations and guidelines so that production and distribution of Urea will not be effected. The Company operated one Urea plant during the lockdown period, following safety measures as per guidelines. Thus, the impact of Covid-19 on the Company is minimal at this point of time. 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.

**Notes forming part of the consolidated financial statements for the year ended March 31, 2020**

**48.** Balances in the accounts of various parties appearing in these statements are subject to confirmations and reconciliations.

**49.** The figures for the previous year have been restated / regrouped, wherever necessary, to make them comparable.

As per our report of even date attached

**for M. Bhaskara Rao & Co.**

Chartered Accountants

Firm Registration No.000459S

**D. Bapu Raghavendra**

Partner

Membership No. 213274

Hyderabad

August 14, 2020

For and on behalf of the Board

**K. Rahul Raju**  
Managing Director

**Uday Shankar Jha**  
Chairman

**Vijaya Bhasker M**  
Company Secretary







**nfccl**

**If undelivered, please return to  
Nagarjuna Fertilizers and  
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Plot No.1, Nagarjuna Hills, Punjagutta,  
Hyderabad-500 082, Telangana, India**

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