

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



July 03, 2021

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

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

Scrip Code: **539917**

Symbol: **NAGAFERT**

Dear Madam / Sir,

Sub: Annual Audited Standalone and Consolidated Financial Results for the year ended March 31, 2021.

Ref: Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have to inform that the Board of Directors of the Company at their meeting held today i.e., June 29, 2021, had, inter alia, approved the Annual Audited Standalone and Consolidated Financial Results for the year ended March 31, 2021, in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A copy of the approved Annual Audited Financial Results along with Audit report is enclosed.

In terms of Regulation 33(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we declare that the Audit Report of the Standalone and Consolidated Financial Results for the year ended March 31, 2021, has not been modified by the Statutory Auditors of the Company.

The Meeting of the Board of Directors was concluded at 05:20 P.M.

Request you to take the same on record and oblige.

Thanking you,

Yours Truly,
For Nagarjuna Fertilizers and Chemicals Limited

Vijaya Bhasker M
Company Secretary

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

Standalone Audited Financial Results for the Quarter / Year Ended March 31, 2021

Rs. In Lakhs

SI No	PARTICULARS	Standalone				
		Quarter ended			Year ended	
		31-03-2021 (Audited)	31-12-2020 (Unaudited)	31-03-2020 (Audited)	31-03-2021 (Audited)	31-03-2020 (Audited)
I	Revenue from Operations	40,106.88	42,966.89	42,527.77	157,490.71	170,451.43
II	Other Income	978.82	425.33	798.11	2,434.64	2,898.39
III	Total income (I+II)	41,085.70	43,392.22	43,325.88	159,925.35	173,349.82
IV	Expenses					
	a) Cost of materials consumed	21,347.96	20,411.43	21,864.08	73,241.25	78,562.41
	b) Purchase of Stock-in-Trade	124.79	31.13	507.54	267.12	1,395.01
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	389.30	(204.52)	(1,271.44)	4,320.12	(501.13)
	d) Power and Fuel	18,086.23	14,395.82	18,030.91	58,748.78	70,123.06
	e) Employee Benefits Expense	2,974.20	2,147.20	2,211.04	9,679.52	10,532.74
	f) Finance cost	8,396.98	8,881.41	8,449.38	34,779.28	32,879.38
	g) Depreciation and Amortization Expense	2,031.78	2,080.78	2,034.33	8,223.83	8,213.49
	h) Other Expenses	7,684.75	4,998.85	7,381.17	21,892.40	22,725.95
	Total expenses	61,035.99	52,742.10	59,207.01	211,152.30	223,930.91
V	Profit / (Loss) before exceptional items and tax (III-IV)	(19,950.29)	(9,349.88)	(15,881.13)	(51,226.95)	(50,581.09)
VI	Exceptional Items	-	-	-	14,082.00	-
VII	Profit / (Loss) before Tax (V-VI)	(19,950.29)	(9,349.88)	(15,881.13)	(65,308.95)	(50,581.09)
VIII	Tax Expense:					
	(a) Current Tax	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	77.52	-	77.52
	(c) Deferred Tax	1,949.26	(743.99)	(1,196.50)	(3,775.86)	(3,423.56)
		1,949.26	(743.99)	(1,118.98)	(3,775.86)	(3,346.04)
IX	Profit / (Loss) for the period (VII-VIII)	(21,899.55)	(8,605.89)	(14,762.15)	(61,533.09)	(47,235.05)
X	Other Comprehensive Income (net of tax)					
	A Items that will not be reclassified to profit or loss					
	(i) Re-measurement gains / (losses) on defined ben	(90.43)	-	522.46	(90.43)	522.46
	(ii) Income tax relating to these items	31.29	-	(180.81)	31.29	(180.81)
	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	(59.14)	-	341.65	(59.14)	341.65
XI	Total Comprehensive Income (IX+X)	(21,958.69)	(8,605.89)	(14,420.50)	(61,592.23)	(46,893.40)
XII	Paid-up Equity Share Capital (Face Value of Rs. 1/- per share)	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
XIII	Other Equity				(56,203.42)	5,388.80
XIV	Earning Per Share (of Rs.1/- each) - Basic and Diluted	(3.66)	(1.44)	(2.47)	(10.29)	(7.90)
		(Not Annualised)	(Not Annualised)	(Not Annualised)		

Notes:

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on June 29, 2021.
- 2) The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation and Agri Services businesses. The financial results of Micro Irrigation and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, are neither disclosed as separate segments nor are combined as "all other segments" for the purposes of disclosures under Ind AS 108 - Operating Segments.
- 3) The Company as part of the ongoing discussions with the lenders on the resolution plan had to create security for the additional parcels of land offered for the Corrective Action Plan (CAP) Loans sought during 2015-16. (197 Acres in Kapavaram, 110 Acres in Wargal & Gowraram, 736 Acres in Nellore) These lands are in possession of the Company and vested with the Company through various schemes of amalgamations approved by Honourable High Courts of which some of the lands are yet to be registered in the name of the Company.
As the Company could not create security in the form of mortgage on these lands offered on account of the land being agriculture parcels. Lenders as part of the RP have carried out detailed title investigation study and sought legal opinion on the title to the lands. The legal opinion obtained has stated that the Company is in possession of Agricultural Lands in excess of the ceiling prescribed under the Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act 1973. Based on the legal opinion obtained, Company has obtained approval of the Board of Directors to restate the value of land which is in excess of the ceiling limits.
Pursuant to confirmation of the above legal status and the attendant limitations on the use, sale, disposal of the said land, by an independent legal counsel, the company has considered it prudent to impair the carrying amount of Rs.14,082.00 Lakhs in respect of the said excess lands, during the year.
However, the company would continue to take all necessary actions as legally allowed and possible to protect titles, possession and obtaining necessary clearances for all the properties.
- 4) The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy. The company suffered losses on account of accident in GAIL Pipe Line during 2014 and disrupting the production. The company approached its bankers for a corrective action and the lenders formed a JLF in 2015 and sanctioned the CAP funding of Rs. 3050 Crs (850 FB + 2200 NFB) and 800 WCTL to shore up networking capital. The company did not receive such funding completely as assessed for rectification and had to suffer further losses which eventually led to stoppage of production in 2018.

Due to inadequate working capital, financial stress and continued losses on account of stoppage of production activities at plant during 2018, the company has taken up with its Lenders for a long-term financial Resolution Plan (RP). Lenders held a series of Joint Lenders Meetings, since the company requested the RP, for suggestions of all the other lenders.

Lenders approved the resolution plan in March 2020, amongst other things, include Segregation of debt into sustainable and unsustainable, reduction in the rate of interest, infusion of fresh equity and additional debt. Post conclusion of the Resolution Plan, the lenders made arbitrary changes to the proposal of RP on 4th June 2020. The company has filed a Writ Petition in the Hon'ble High court of Telangana, on the arbitrary actions of the lenders. The Hon'ble High Court granted stay on any proceedings against the company until further orders and the case is currently under disposal with the Court. The company had filed contempt cases against 2 lenders who have invoked IBC in violation of High Court orders and the case is currently under disposal of the Court. The Company is working towards amicably resolve the disputes with lenders.

The lenders have initially approved 'Holding on Operations' (HOO) from December 2018 and have been extended HOO to amicably resolve the debt issues with the company in the interests of all stakeholders (which are valid till July 31, 2021) which has facilitated operations of one Urea Plant from December 2018 till February 2021 and thereafter both the urea plants from March 2021. In view of operating with single plant due to lack of working capital, the losses continued resulting insubstantial erosion of net worth and the company facing liquidity issues. As at the quarter / Year end, the Company's current liabilities exceeded current assets by Rs. 2,31,460.47 Lakhs (net current liabilities excluding contingent liabilities).

Accordingly, the financial results for the Quarter / Year ended March 31, 2021, are drawn on a going concern basis.

- 5) The company is in default of principal and interest during the quarter / year on the borrowings from various lenders on account of continued losses. The lenders have classified the company's account as NPA in the financial year 2018-19. Pending resolution of the CAP and other loans (working capital and term loans in the books of the Company) and receipt of confirmation of balances from various lenders, the Company has accounted for the interest / penal interest during the quarter/ year based on the prevailing rate of interest and as per CAP and other loan arrangements. Adjustments, if any, for the interest and penal interest accounted will be dealt on completion and on the outcome of Resolution Plan.

6) In relation to some of the contracts, international Arbitration Awards have been passed against the Company

(i) in September 2016 for USD 14,398,188 (Rs 10,518.39 Lakhs) and GBP 690,630 (Rs. 687.85 Lakhs) 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 has been legally advised that the award is not maintainable and has also filed a Criminal Complaint before the Metropolitan Magistrate of Hyderabad against the supplier and its officials. In view of the current pandemic Covid-19, the Matter yet to be listed for hearing.

(ii) in October 2017, for USD 877,500 (Rs. 641.05 Lakhs), EUR 455,000 (Rs. 408.56 Lakhs), GBP 52,314 (Rs. 52.10 Lakhs) and INR 221.39 Lakhs and interest as applicable apart from costs based on a claim filed by one of the Vendors based on the work orders issued for proposed Project -Plant 3. The Company is of the view that as per the contract entered, the amounts are payable only upon (a) the announcement of a fertilizer policy and (b) that the fertilizer policy being found favourable for the Project of the Company. Since the policy announced by the Government of India was not favourable / conducive for the project, hence the Company could not proceed further and the said award is not maintainable. In view of the current pandemic Covid-19, the Matter yet to be listed for hearing.

While the Company is contesting the enforcement of the Awards in the Courts in India a sum of Rs. 557 lakhs have been provided for in the books in FY 2018-19 in respect of matter stated in para (ii) above. Further, since the matter being sub-judice, the said claims have continued to be treated as contingent liability.

- 7) Government of India announced New Urea Policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector which are effective from 1st June, 2015 to 31st Mar 2019. Government of India extended the NUP -2015 from 1st April, 2019 until further orders. Income from Urea Operations has been accounted in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been accounted during the quarter/ year in terms of the said policies. Adjustments, if any, required will be considered on notification of final prices.
- 8) The Company has assessed the impact of COVID – 19 and concluded that there is no material impact on the operations of the Company and no material adjustment is required at this stage in the results of the Company for the year ended March 31, 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these results.
- 9) Figures for the quarter ended 31 March 2021 and 31 March 2020 are the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures upto December 31, 2020 and December 31, 2019 respectively.
- 10) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable.

HYDERABAD
June 29, 2021

K. RAHUL RAJU
MANAGING DIRECTOR

Balance Sheet

in Lakhs

Particulars	Standalone	
	As At March 31, 2021 (Audited)	As At March 31, 2020 (Audited)
I. ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment	218,787.16	239,833.85
(b) Capital work-in-progress	442.08	2,827.23
(c) Financial Assets		
(i) Investments	-	-
(ii) Loans	708.83	994.31
(iii) Other Financial Assets	2.73	15.50
(d) Other Non-Current Assets	-	152.49
Total non-current Assets	219,940.80	243,823.38
2. Current Assets		
(a) Inventories	4,828.13	10,524.59
(b) Financial Assets		
(i) Trade Receivables	19,884.49	122,647.86
(ii) Cash and Cash Equivalents	8,306.74	4,895.19
(iii) Bank Balances other than (ii) above	2,206.40	8,994.58
(iv) Loans	3,309.19	3,312.72
(v) Other Financial assets	1,720.87	914.98
(c) Current Tax Assets (Net)	111.72	680.88
(d) Other Current Assets	6,091.99	6,078.60
Total current assets	46,459.53	158,049.40
Total - Assets	266,400.33	401,872.78
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	5,980.65	5,980.65
(b) Other Equity	(56,203.42)	5,388.80
Total Equity	(50,222.77)	11,369.45
Liabilities		
1. Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	2,788.10	3,042.42
(ii) Other Financial Liabilities	7,517.42	7,708.76
(b) Provisions	615.53	362.37
(c) Deferred Tax Liabilities (Net)	27,088.35	30,895.50
(d) Government grants	693.70	1,041.61
Total non-current liabilities	38,703.10	43,050.66
2. Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	157,194.65	147,850.25
(ii) Trade Payables		
(a) Micro Enterprises and Small Enterprises	135.68	135.37
(b) Other than Micro Enterprises and Small Enterprises	43,445.31	130,965.64
(iii) Other Financial Liabilities	75,293.79	66,311.19
(b) Other Current Liabilities	1,255.89	1,421.90
(c) Government grants	347.91	347.91
(d) Provisions	246.77	420.41
Total current liabilities	277,920.00	347,452.67
Total liabilities	316,623.10	390,503.33
Total Equity and Liabilities	266,400.33	401,872.78

Nagarjuna Fertilizers and Chemicals Limited
Cash Flow Statement for the Year ended March 31, 2021

Rs.in Lakhs		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash Flow from Operating Activities		
Loss before Tax	(65,308.95)	(50,581.09)
<i>Adjustments:</i>		
Depreciation and Amortisation	8,223.83	8,213.49
Provision for Impairment	14,840.00	-
Provision for Doubtful Debts / Advances	1,395.20	1,607.23
Finance Cost	34,779.28	32,879.38
Provision/write off for Diminution in value of Investments	-	1,346.17
Deferred government grant	(347.91)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	593.17	(42.23)
Operating Profit before working capital changes	(5,825.38)	(6,924.96)
<i>Movements in working capital:</i>		
Increase/(decrease) in trade payables	(87,513.96)	56,073.56
Increase/(decrease) in long term provisions	162.73	449.31
Increase/(decrease) in short term provisions	(173.64)	(133.51)
Increase/(decrease) in other current liabilities	(166.01)	65.06
Increase/(decrease) in other current financial liabilities	(1,133.60)	(1,230.74)
Increase/(decrease) in other long term liabilities	(191.34)	(144.10)
Decrease/(increase) in trade receivables	101,446.60	(41,104.86)
Decrease/(increase) in inventories	5,696.46	(248.07)
Decrease/(increase) in long term loans and advances	285.48	(430.19)
Decrease/(increase) in short term loans and advances	3.53	467.03
Decrease/(increase) in other current assets	(13.39)	(36.28)
Decrease/(increase) in other financial assets	(805.89)	(214.46)
Decrease/(increase) in other non current assets	6.35	6.84
Cash generated from/(used) in operations	11,777.95	6,594.63
(Direct Taxes Paid -net of refunds)	569.16	186.69
Net cash flow from / (used) in operating activities	12,347.11	6,781.32
B. Cash Flow from Investing activities		
Purchase of fixed assets and CWIP/Capital advances	(158.72)	(111.65)
Margin Money Deposits	6,800.96	5.50
Proceeds from Sale of fixed assets	1.27	46.58
Net cash flow from / (used) in investing activities	6,643.51	(59.57)
C. Cash flow from Financing activities		
Repayment of long term borrowings	(612.68)	(632.24)
Finance Costs paid	(13,256.08)	(9,444.26)
Dividend Paid	-	(278.55)
Net cash flow from / (used) in financing activities	(13,868.76)	(10,355.05)
Net Increase/(decrease) in Cash and Cash Equivalents	5,121.85	(3,633.30)
Cash and Cash Equivalents as at beginning of the year	(115,020.86)	(111,387.56)
Cash and Cash Equivalents as at end of the period	(109,899.01)	(115,020.86)

Notes:

Rs. in Lakhs		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash and Cash Equivalents comprises of		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	-	-
Others (Refer Note 11.1)	8,282.82	4,879.26
Cheques, drafts on hand	2.30	-
Cash on hand	21.61	15.92
Cash and Cash Equivalents (Refer Note 11)	8,306.73	4,895.18
Less: Cash Credit (Refer Note 20)	118,205.74	119,916.04
Cash and Cash Equivalents in Cash Flow Statement	(109,899.01)	(115,020.86)

Independent Auditor's Report on Audited standalone Quarterly Financial Results and Year to Date Results of the NAGARJUNA FERTILIZERS AND CHEMICALS Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**To The Board of Directors
NAGARJUNA FERTILIZERS and CHEMICALS LIMITED**

Report on the audit of the Standalone Financial Results

1. Opinion

We have audited the accompanying Statement of standalone financial results of NAGARJUNA FERTILIZERS and CHEMICALS LIMITED ("the Company") for the quarter and year ended March 31, 2021, ("the statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. In our opinion and to the best of our information and according to the explanations given to us, the said statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information for the year ended March 31, 2021.

3. Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of this report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

4. Material Uncertainty Related to Going Concern:

We draw attention to Note 4 to the financial results:

The Company has incurred net loss of Rs. 61,533.09 Lakhs during the year ended March 31, 2021, and the current liabilities exceed the current assets by Rs. 2,31,460.47 Lakhs as on March 31, 2021. The company during the year ended March 31, 2021 continued to default in discharging its obligations for repayment of Loans and settlement of other financial and non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the lenders with a resolution plan. 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 resolution plan, 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. No adjustments have been made to the carrying value of the assets and liabilities and their presentation / classification, pending final outcome of the resolution process.

Our opinion is not modified in respect of this matter.

5. Emphasis of Matter

We draw attention to the following:

- a. Note.5 regarding non receipt of confirmation of balances from lenders and accounting of interest and penal interest on the overdue borrowings at contracted rates as per existing arrangements. Adjustments, if any, in respect of interest, penal interest and other charges will be dealt with by the Company upon final outcome of resolution plan.
- b. Note 6 regarding International Arbitration awards passed against the Company for USD 15,275,688, GBP 742,944 EURO 4,55,000 [aggregating to Rs.12307.95 lakhs (31.03.2020: Rs.12585.09 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;
- c. Note 7 regarding accounting of Income from Subsidy including reimbursement claims for additional fixed cost, input escalation/de-escalation, freight subsidy as per New Urea Policy 2015, pending notification of final prices and consequential adjustments, if any that may arise.

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

6. Management's Responsibilities for the Standalone Financial Results:

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Results 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 Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, The Management and Board of Directors are 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 The Management and Board of Directors 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.



7. Auditor's Responsibilities for the Audit of the Standalone Financial Results:

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 financial results 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 results, including the disclosures, and whether the financial results 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.



8. Other Matters:

The standalone annual financial results include the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the financial year ended March 31, 2021 and the published unaudited year-to-date figures up to December 31, 2020, which were subjected to limited review by us.

Hyderabad, June 29, 2021

for M. Bhaskara Rao & Co
Chartered Accountants
Firm Registration No.000459S



D. Bapu Raghavendra

D.Bapu Raghavendra
Partner

Membership No: 213274
UDIN: 21213274 AAAANB4308

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

Consolidated Audited Financial Results for the Quarter / Year Ended March 31, 2021

Rs. In Lakhs

SI No	PARTICULARS	Consolidated				
		Quarter ended			Year ended	
		31-03-2021 (Audited)	31-12-2020 (Unaudited)	31-03-2020 (Audited)	31-03-2021 (Audited)	31-03-2020 (Audited)
I	Revenue from Operations	40,106.88	42,966.89	42,527.77	157,490.71	170,451.43
II	Other Income	978.98	425.52	798.63	2,435.37	2,899.59
III	Total income (I+II)	41,085.86	43,392.41	43,326.40	159,926.08	173,351.02
IV	Expenses					
	a) Cost of materials consumed	21,347.96	20,411.43	21,864.08	73,241.25	78,562.41
	b) Purchase of Stock-in-Trade	124.79	31.13	507.54	267.12	1,395.01
	c) Changes in inventories of finished goods, stock-in-trade and work in progress	389.30	(204.52)	(1,271.44)	4,320.12	(501.13)
	d) Power and Fuel	18,086.23	14,395.82	18,030.91	58,748.78	70,123.06
	e) Employee Benefits Expense	2,974.20	2,147.20	2,211.04	9,679.52	10,532.74
	f) Finance cost	8,396.98	8,881.41	8,449.39	34,779.29	32,879.39
	g) Depreciation and Amortization Expense	2,031.78	2,080.78	2,034.33	8,223.83	8,213.49
	h) Other Expenses	7,685.05	4,998.92	6,035.38	21,893.33	21,381.31
	Total expenses	61,036.30	52,742.17	57,861.22	211,153.24	222,586.28
V	Profit / (Loss) before exceptional items and tax (III-IV)	(19,950.43)	(9,349.76)	(14,534.83)	(51,227.16)	(49,235.26)
VI	Exceptional Items	-	-	-	14,082.00	-
VII	Profit / (Loss) before Tax (V-VI)	(19,950.43)	(9,349.76)	(14,534.83)	(65,309.16)	(49,235.26)
VIII	Tax Expense:					
	(a) Current Tax	-	-	-	-	-
	(b) Adjustments relating to earlier years	-	-	77.52	-	77.52
	(c) Deferred Tax	1,949.26	(743.99)	(1,196.50)	(3,775.86)	(3,423.56)
		1,949.26	(743.99)	(1,118.98)	(3,775.86)	(3,346.04)
IX	Profit / (Loss) for the period (VII-VIII)	(21,899.69)	(8,605.78)	(13,415.85)	(61,533.30)	(45,889.22)
X	Other Comprehensive Income (net of tax)					
	A Items that will not be reclassified to profit or loss					
	(i) Re-measurement gains / (losses) on defined benefit plans	(90.43)	-	522.46	-	522.46
	(ii) Income tax relating to these items	31.29	-	(180.81)	-	(180.81)
	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	(59.14)	-	341.65	-	341.65
XI	Total Comprehensive Income (IX+X)	(21,958.83)	(8,605.78)	(13,074.20)	(61,533.30)	(45,547.57)
XII	Paid-up Equity Share Capital (Face Value of Rs. 1/- per share)	5,980.65	5,980.65	5,980.65	5,980.65	5,980.65
XIII	Other Equity				(54,413.72)	7,178.71
XIV	Earning Per Share (of Rs.1/- each) - Basic and Diluted	(3.66) (Not Annualised)	(1.44) (Not Annualised)	(2.24) (Not Annualised)	(10.29)	(7.67)

Notes:

- 1) The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on JUN 29, 2021.
- 2) The financial results comprise the combined operations of the Company relating to Fertilizer, Micro Irrigation and Agri Services businesses. The financial results of Micro Irrigation and Agri Services being below the reportable thresholds, and since they do not have similar economic characteristics and do not share any of the aggregation criteria, are neither disclosed as separate segments nor are combined as "all other segments" for the purposes of disclosures under Ind AS 108 - Operating Segments.
- 3) The Company as part of the ongoing discussions with the lenders on the resolution plan had to create security for the additional parcels of land offered for the Corrective Action Plan (CAP) Loans sought during 2015-16. (197 Acres in Kapavaram, 110 Acres in Wargal & Gowraram, 736 Acres in Nellore) These lands are in possession of the Company and vested with the Company through various schemes of amalgamations approved by Honourable High Courts of which some of the lands are yet to be registered in the name of the Company. As the Company could not create security in the form of mortgage on these lands offered on account of the land being agriculture parcels. Lenders as part of the RP have carried out detailed title investigation study and sought legal opinion on the title to the lands. The legal opinion obtained has stated that the Company is in possession of Agricultural Lands in excess of the ceiling prescribed under the Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act 1973.
Based on the legal opinion obtained, Company has obtained approval of the Board of Directors to restate the value of land which is in excess of the ceiling limits.
Pursuant to confirmation of the above legal status and the attendant limitations on the use, sale, disposal of the said land, by an independent legal counsel, the company has considered it prudent to impair the carrying amount of Rs.14,082.00 Lakhs in respect of the said excess lands, during the year.
However, the company would continue to take all necessary actions as legally allowed and possible to protect titles, possession and obtaining necessary clearances for all the properties.
- 4) The Company is operating in a regulated environment under the Essential Commodities Act and supported by Government Subsidy. The company suffered losses on account of accident in GAIL Pipe Line during 2014 and disrupting the production. The company approached its bankers for a corrective action and the lenders formed a JLF in 2015 and sanctioned the CAP funding of Rs. 3050 Crs (850 FB + 2200 NFB) and 800 WCTL to shore up networking capital. The company did not receive such funding completely as assessed for rectification and had to suffer further losses which eventually led to stoppage of production in 2018.

Due to inadequate working capital, financial stress and continued losses on account of stoppage of production activities at plant during 2018, the company has taken up with its Lenders for a long-term financial Resolution Plan (RP). Lenders held a series of Joint Lenders Meetings, since the company requested the RP, for suggestions of all the other lenders.

Lenders approved the resolution plan in March 2020, amongst other things, include Segregation of debt into sustainable and unsustainable, reduction in the rate of interest, infusion of fresh equity and additional debt. Post conclusion of the Resolution Plan, the lenders made arbitrary changes to the proposal of RP on 4th June 2020. The company has filed a Writ Petition in the Hon'ble High court of Telangana, on the arbitrary actions of the lenders. The Hon'ble High Court granted stay on any proceedings against the company until further orders and the case is currently under disposal with the Court. The company had filed contempt cases against 2 lenders who have invoked IBC in violation of High Court orders and the case is currently under disposal of the Court. The Company is working towards amicably resolve the disputes with lenders.

The lenders have initially approved 'Holding on Operations' (HOO) from December 2018 and have been extended HOO to amicably resolve the debt issues with the company in the interests of all stakeholders (which are valid till July 31, 2021) which has facilitated operations of one Urea Plant from December 2018 till February 2021 and thereafter both the urea plants from March 2021. In view of operating with single plant due to lack of working capital, the losses continued resulting insubstantial erosion of net worth and the company facing liquidity issues. As at the quarter / Year end, the Company's current liabilities exceeded current assets by Rs. 2,31,460.47 Lakhs (net current liabilities excluding contingent liabilities).

Accordingly, the financial results for the Quarter / Year ended March 31, 2021, are drawn on a going concern basis.

- 5) The company is in default of principal and interest during the quarter / year on the borrowings from various lenders on account of continued losses. The lenders have classified the company's account as NPA in the financial year 2018-19. Pending resolution of the CAP and other loans (working capital and term loans in the books of the Company) and receipt of confirmation of balances from various lenders, the Company has accounted for the interest / penal interest during the quarter/ year based on the prevailing rate of interest and as per CAP and other loan arrangements. Adjustments, if any, for the interest and penal interest accounted will be dealt on completion and on the outcome of Resolution Plan.

6) In relation to some of the contracts, international Arbitration Awards have been passed against the Company

(i) in September 2016 for USD 14,398,188 (Rs 10,518.39 Lakhs) and GBP 690,630 (Rs. 687.85 Lakhs) 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 has been legally advised that the award is not maintainable and has also filed a Criminal Complaint before the Metropolitan Magistrate of Hyderabad against the supplier and its officials. In view of the current pandemic Covid-19, the Matter yet to be listed for hearing.

(ii) in October 2017, for USD 877,500 (Rs. 641.05 Lakhs), EUR 455,000 (Rs. 408.56 Lakhs), GBP 52,314 (Rs. 52.10 Lakhs) and INR 221.39 Lakhs and interest as applicable apart from costs based on a claim filed by one of the Vendors based on the work orders issued for proposed Project -Plant 3. The Company is of the view that as per the contract entered, the amounts are payable only upon (a) the announcement of a fertilizer policy and (b) that the fertilizer policy being found favourable for the Project of the Company. Since the policy announced by the Government of India was not favourable / conducive for the project, hence the Company could not proceed further and the said award is not maintainable. In view of the current pandemic Covid-19, the Matter yet to be listed for hearing.

While the Company is contesting the enforcement of the Awards in the Courts in India a sum of Rs. 557 lakhs have been provided for in the books in FY 2018-19 in respect of matter stated in para (ii) above. Further, since the matter being sub-judice, the said claims have continued to be treated as contingent liability.

- 7) Government of India announced New Urea Policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector which are effective from 1st June, 2015 to 31st Mar 2019. Government of India extended the NUP -2015 from 1st April, 2019 until further orders. Income from Urea Operations has been accounted in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been accounted during the quarter/half year in terms of the said policies 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 announced New Urea Policy (NUP)-2015 and Gas Pooling Policy for Fertilizer (Urea) Sector which are effective from 1st June, 2015 to 31st Mar 2019. Government of India extended the NUP -2015 from 1st April, 2019 until further orders. Income from Urea Operations has been accounted in accordance with the said policies. Income towards freight subsidy, Reimbursement claims towards additional fixed cost, Input escalation / de-escalation, have been accounted during the quarter/ year in terms of the said policies. Adjustments, if any, required will be considered on notification of final prices.
- 8) The Company has assessed the impact of COVID – 19 and concluded that there is no material impact on the operations of the Company and no material adjustment is required at this stage in the results of the Company for the year ended March 31, 2021. However, the Company will continue to monitor the impact which is a continuing process, given the uncertainties with its nature and duration of COVID - 19 and the impact may be different from the estimates considered while preparing these results.
- 9) The consolidated results include results of subsidiary, i.e Jaiprakash Engineering and Steel Company Ltd and excludes associates Nagarjuna Agricultural and Research Development Insititute Pvt Ltd and KVK Raju International Leadership Ltd. The said associates are excluded as there are no operations in the said Companies.
- 10) Figures for the quarter ended 31 March 2021 and 31 March 2020 are the balancing figures between the audited figures for the full financial year and the unaudited published year to date figures upto December 31, 2020 and December 31, 2019 respectively.
- 11) The figures for the corresponding previous periods have been regrouped, wherever necessary, to make them comparable.

K. RAHUL RAJU
MANAGING DIRECTOR

HYDERABAD
June 29, 2021

Balance Sheet

` in Lakhs

Particulars	Consolidated	
	As At March 31, 2021	As At March 31, 2020
	(Audited)	(Audited)
I. ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment	218,787.16	239,833.85
(b) Capital work-in-progress	442.08	2,827.23
(c) Financial Assets		
(i) Investments	-	-
(ii) Loans	2,522.68	2,808.16
(iii) Other Financial Assets	14.09	28.95
(d) Other Non-Current Assets	-	152.49
Total non-current Assets	221,766.01	245,650.68
2. Current Assets		
(a) Inventories	4,828.13	10,524.59
(b) Financial Assets		
(i) Trade Receivables	19,884.49	122,647.86
(ii) Cash and Cash Equivalents	8,309.50	4,895.92
(iii) Bank Balances other than (ii) above	2,206.40	8,994.58
(iv) Loans	3,309.19	3,312.72
(v) Other Financial assets	1,721.29	915.47
(c) Current Tax Assets (Net)	111.90	681.19
(d) Other Current Assets	6,091.99	6,078.60
Total current assets	46,462.88	158,050.93
Total - Assets	268,228.90	403,701.61
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	5,980.65	5,980.65
(b) Other Equity	(54,413.72)	7,178.71
Equity attributable to shareholders of the Company	(48,433.07)	13,159.36
Non-Controlling Interest	2.82	2.82
Total Equity	(48,430.25)	13,162.18
Liabilities		
1. Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	2,788.10	3,042.42
(ii) Other Financial Liabilities	7,517.42	7,708.76
(b) Provisions	615.53	362.37
(c) Deferred Tax Liabilities (Net)	27,088.35	30,895.50
(d) Government grants	693.70	1,041.61
Total non-current liabilities	38,703.10	43,050.66
2. Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	157,194.65	147,850.25
(ii) Trade Payables		
(a) Micro Enterprises and Small Enterprises	135.68	135.37
(b) Other than Micro Enterprises and Small Enterprises	43,446.31	130,966.65
(iii) Other Financial Liabilities	75,328.84	66,346.24
(b) Other Current Liabilities	1,255.89	1,421.94
(c) Government grants	347.91	347.91
(d) Provisions	246.77	420.41
Total current liabilities	277,956.06	347,488.77
Total liabilities	316,659.16	390,539.43
Total Equity and Liabilities	268,228.90	403,701.61

Nagarjuna Fertilizers and Chemicals Limited
Consolidated Cash Flow Statement for the year ended March 31, 2021

Rs.in Lakhs

Particulars	Year ended Mar 31, 2021	Year ended March 31, 2020
A. Cash Flow from Operating Activities		
Loss before Tax	(65,309.16)	(49,235.28)
<i>Adjustments:</i>	-	-
Depreciation and Amortisation	8,223.83	8,213.49
Provision for Impairment	14,840.00	-
Provision for Doubtful Debts / Advances	1,395.20	1,607.23
Finance Cost	34,779.28	32,879.39
Deferred government grant	(347.91)	(347.91)
(Profit) / Loss on sale of assets / assets discarded / assets decapitalised	593.17	(42.23)
Operating Profit before working capital changes	(5,825.60)	(6,925.31)
<i>Movements in working capital:</i>		
Increase/(decrease) in trade payables	(87,513.96)	56,074.01
Increase/(decrease) in long term provisions	162.73	449.31
Increase/(decrease) in short term provisions	(173.64)	(133.51)
Increase/(decrease) in other current liabilities	(166.06)	65.10
Increase/(decrease) in other current financial liabilities	(1,133.60)	(1,230.75)
Increase/(decrease) in other long term liabilities	(191.34)	(144.10)
Decrease/(increase) in trade receivables	101,446.60	(41,104.86)
Decrease/(increase) in inventories	5,696.46	(248.07)
Decrease/(increase) in long term loans and advances	285.48	(430.19)
Decrease/(increase) in short term loans and advances	3.53	467.03
Decrease/(increase) in other current assets	(13.33)	(36.28)
Decrease/(increase) in other financial assets	(805.89)	(214.46)
Decrease/(increase) in other non current assets	6.35	6.84
Cash generated from/(used) in operations	11,777.75	6,594.77
(Direct Taxes Paid -net of refunds)	569.29	186.60
Net cash flow from / (used) in operating activities	12,347.04	6,781.37
B. Cash Flow from Investing activities		
Purchase of fixed assets and CWIP/Capital advances	(158.72)	(111.65)
Margin Money Deposits	6,803.05	4.68
Proceeds from Sale of fixed assets	1.27	46.58
Net cash flow from / (used) in investing activities	6,645.60	(60.39)
C. Cash flow from Financing activities		
Repayment of long term borrowings	(612.68)	(632.24)
Finance Costs paid	(13,256.08)	(9,444.27)
Dividend Paid	-	(278.55)
Net cash flow from / (used) in financing activities	(13,868.76)	(10,355.06)
Net Increase/(decrease) in Cash and Cash Equivalents	5,123.87	(3,634.08)
Cash and Cash Equivalents as at beginning of the year	(115,020.12)	(111,386.04)
Cash and Cash Equivalents as at end of the year	(109,896.25)	(115,020.12)

Notes:

Rs. in Lakhs

Particulars	Year ended Mar 31, 2021	Year ended March 31, 2020
Cash and Cash Equivalents comprises of		
Balances with Banks		
In Current Accounts		
Unclaimed Dividend - earmarked accounts	-	-
Others	8,285.58	4,880.00
Cheques, drafts on hand	2.30	-
	-	-
Cash on hand	21.61	15.92
Cash and Cash Equivalents (Refer Note 12)	8,309.49	4,895.92
Less: Cash Credit (Refer Note 21)	118,205.74	119,916.04
Cash and Cash Equivalents in Cash Flow Statement	(109,896.25)	(115,020.12)

**Independent Auditors' Report on Consolidated Quarterly and year to date Financial Results of
NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED pursuant to Regulation 33 of the SEBI (Listing
Obligations and Disclosure Requirements) Regulations, 2015**

**To The Board of Directors
NAGARJUNA FERTILIZERS and CHEMICALS LIMITED**

Report on the audit of Consolidated Financial Results

Opinion

1. We have audited the accompanying Statement of Consolidated financial results of NAGARJUNA FERTILIZERS and CHEMICALS LIMITED ("the Company") and its subsidiaries (together referred to as "the Group") for the Quarter and year ended 31 March, 2021, ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements / financial information of subsidiaries the aforesaid consolidated financial results:
 - a. includes the results of Jaiprakash Engineering and Steel Company Ltd (JESCO)- Wholly Owned Subsidiary
 - b. did not consider share of profit/loss from Nagarjuna Agricultural & Research Development Institute Pvt Ltd and KVK Raju International Leadership Ltd for the purpose of consolidation for the reasons stated in Note 9 to the Statement.
 - c. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - d. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net loss and other comprehensive income and other financial information of the Group for the year ended March 31, 2021.

3. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.



4. Material Uncertainty Related to Going Concern:

We draw attention to Note 4 to the financial results:

The Company has incurred net loss of Rs. 61,533.09 Lakhs during the year ended March 31,2021, and the current liabilities exceed the current assets by Rs. 2,31,460.47 Lakhs as on March 31,2021. The company during the year ended March 31,2021 continued to default in discharging its obligations for repayment of Loans and settlement of other financial and non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the lenders with a resolution plan. 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 resolution plan, 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. No adjustments have been made to the carrying value of the assets and liabilities and their presentation / classification, pending final outcome of the resolution process.

Our opinion is not modified in respect of this matter.

5. Emphasis of Matter

We draw attention to the following;

- a. Note.5 regarding non receipt of confirmation of balances from lenders and accounting of interest and penal interest on the overdue borrowings at contracted rates as per existing arrangements. Adjustments, if any, in respect of interest, penal interest and other charges will be dealt with by the Company upon final outcome of resolution plan.
- b. Note 6 regarding International Arbitration awards passed against the Company for USD 15,275,688, GBP 742,944 EURO 4,55,000 [aggregating to Rs.12307.95 lakhs (31.03.2020: Rs.12585.09 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;
- c. Note 7 regarding accounting of Income from Subsidy including reimbursement claims for additional fixed cost, input escalation/de-escalation, freight subsidy as per New Urea Policy 2015, pending notification of final prices and consequential adjustments, if any that may arise.

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

6. Management's Responsibilities for the Consolidated Financial Results

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective management and Board of Directors of the companies included in the Group are



responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and jointly controlled entities 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

7. Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the consolidated financial results, 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.
- b. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- d. Conclude on the appropriateness of the Management and Board of Directors' 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 ability of the Group and its associates and jointly controlled entities 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 results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.

- e. Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- f. Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors 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.

We also performed procedures in accordance with the circular no CIR\CFD\CMD1\44\2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

8. Other Matters

- a. The consolidated Financial Results include the audited Financial Results of subsidiary, whose Financial Statements reflect Group's share of total assets of Rs.1828.57 lakhs as at March 31,2021, Group's share of total revenue of 0.17 Lakhs and Rs.0.73 lakhs and Group's share of total net profit/(loss) after tax of Rs.0.14 lakhs and Rs. 0.22 Lakhs for the quarter ended March 31,2021 and year ended March 31,2021, respectively as considered in the consolidated financial results, which have been audited by other independent auditors. The independent auditor's report on financial statements of the subsidiary has been furnished to us and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion on the consolidated financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



- b. The financial results include the results for the quarter ended March 31,2021 being the balancing figure between the audited figure in respect of the financial year ended March 31,2021 and the published unaudited year to date figures up to December 31, 2020, which were subject to limited review by us.

for M. Bhaskara Rao & Co
Chartered Accountants
Firm Registration No.000459S



D. Bapu Raghvendra

D.Bapu Raghvendra
Partner

Hyderabad, June 29, 2021

Membership No: 213274
UDIN: 21213274AAAANC6608