

naga R&D center



naga
Limited

28th ANNUAL REPORT
2018 - 2019

CORPORATE SOCIAL RESPONSIBILITY (CSR)



Company's Contribution of Rs.67.10 Lakhs for purchase of Road Sweeping Machine towards Sanitation Purpose.



CORPORATE INFORMATION



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| <p>Board of Directors:</p> <p>Sri. K.S.Kamalakaran, Chairman & Managing Director</p> <p>Smt. Mageswari Kannan, Joint Managing Director</p> <p>Sri. Sounder Kannan, Whole-Time Director</p> <p>Sri. D. Vijay Anand, Technical Director</p> <p>Sri. L.A.Irudayaraj, Independent Director</p> <p>Dr. K. Venkatachalam, Independent Director</p> <p>Sri. S. Ramesh, Independent Director</p> <p>Sri. S. Neelakantan, Independent Director</p> <p>Chief Financial Officer Sri. T.R. Sivaraman</p> <p>Company Secretary Sri. V. Marikannan</p> <p>Statutory Auditors M/s. D. Sampathkumar & Co., Chartered Accountants, Chennai.</p> <p>Internal Auditor Sri.R.Balakrishnan, B.Com., F.C.A.,</p> <p>Secretarial Auditors M/s. GSR & Co., Practising Company Secretaries, Chennai.</p> <p>Registrar and Share Transfer Agent: M/s. Cameo Corporate Services Ltd., “Subramanian Building”, No.1, Club House Road, Chennai - 600 002.</p> | <p>Registered Office: No.1, Anna Pillai Street, Chennai - 600001. CIN : L24246TN1991PLC020409 Telephone/fax : 044-25363535 Website : www.nagamills.com email : marikannanv@nagamills.com</p> <p>Factories:</p> <ol style="list-style-type: none">1) Naga Limited - Foods (Unit - I), No.1, Trichy Road, Dindigul - 624 005.2) Naga Limited - Foods (Unit - II), No.133, Trichy Road, Dindigul - 624 005.3) Naga Limited - Foods Aruppukottai, 3/315, Melakandamanagalam Village, Aruppukottai, Virudhunagar, Tamil Nadu-626 101.4) Naga Limited - Retail, No.4/213, Padiyur, Dindigul - 624 005.5) Naga Limited - Minerals, No.9, Trichy Road, Dindigul - 624 005.6) Naga Limited - Detergents, No.1, Oddanchatram Road, Vedasandur-624710.7) Naga Limited - Bakery Dindigul, No.1, Seelapadi Road, Seelapadi Post, Dindigul - 624 005.8) Naga Limited - Bakery Bengaluru, No.1, Chikka Tirupathi Road, Thindlu Village, Sarjapura Hobli, Anekal Taluk, Bengaluru, Karnataka - 562 125.9) Naga Limited - Bakery Chennai, No.48, Poonamalle Bye Pass Road, Senneerkuppam, Poonamalle, Chennai - 600 056. <p>Bankers: Axis Bank Ltd, Dindigul HDFC Bank Ltd, Madurai State Bank of India, Dindigul Standard Chartered Bank, Chennai ICICI Bank Ltd, Chennai IDBI Bank, Dindigul Citi Bank NA, Chennai Karur Vysya Bank, Dindigul</p> |
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Request

In order to save paper, hard copies of Annual Report may not be distributed at the AGM. Desiring Shareholders may carry their copy while attending the meeting.

28th Annual General Meeting

Date & Time : 26.09.2019, 10.00 A.M.
Venue : The Presidency Club,
51, Ethiraj Salai,
Egmore, Chennai - 600 008.



CHAIRMAN'S SPEECH

DEAR STAKEHOLDERS OF NAGA,

I and my colleagues in the Board extend a warm welcome to all of you to this 28th Annual General Meeting of the Company. The Annual Report and Audited Accounts of the Company for the year ended March 31, 2019 have been with you for some time and I take them as read. I am sure that you would have observed with satisfaction the good performance turned out by your Company.

For your Company, growth is not an end in itself. Instead, we view it as genuine sign that our customers and the markets have responded positively to our mission of creating sustainable value.

According to World Economic Outlook, after strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of the last year. As a result of various developments in the world economy, global growth is now projected to slow from 3.6% in 2018 to 3.3% in 2019, before returning to 3.6% in 2020. Beyond 2020, global growth is said to plateau at about 3.6% over the medium term, sustained by the increase in the relative size of the economies, such as China and India, which are projected to have robust growth.

Your Company could achieve an operating revenue of Rs. 851.32 Crore only as against Rs. 902.87 Crore achieved during last year. Increased prices, Non-viability of imported wheat due to huge import duty and consequent reduction in trading activities resulted in reduction in turnover and profitability. It is also pertinent to inform that new projects at Chennai and Bengaluru could take time to stabilize and will contribute to turnover and profitability only after a few years.

The combined production of all units of your Company got increased to 5.29 Lakhs MT as against 4.81 Lakhs MT achieved during last year.

Anticipating in advance the vagaries of the market operations, production and turnover, your Company starts in advance to concentrate on research activities to increase production and turnover. In this connection, I am very glad to inform you that your Company received the prestigious DSIR Recognition from the Ministry of Science and Technology for the in-house R&D activities. This will boost our efforts in concentrating the various activities to improve the quality, production as well as turnover. I am also glad to inform that the various incentives accrue to us because of this recognition will help your Company to have the best state of art and technology in the R&D Centre. I now present the performance of the divisions as below:

FOODS AND RETAIL:

On a comparison of the production data for the past 5 years appended below, you will observe that production has increased during the year under review as compared to last year. Concerted efforts are under way to sustain the growth in production & sales and maintain profitability.

| Year | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|-----------------|---------|---------|---------|---------|---------|
| Production (MT) | 274376 | 257280 | 179416 | 156199 | 162161 |
| Growth (%) | 7 | 44 | 15 | (4) | 10 |

Despite the various hurdles faced by this division, you may observe that it could increase the production. Efforts are made to sustain the production and turnover in the coming years also.

DETERGENTS:

This division has completed 29 years of operations during the year under review. As you are aware we are the third largest manufacturer of detergents for M/s. Hindustan Unilever Limited. As compared to earlier year, this division could improve the production during the year under review. The comparative table for the past 5 years is given below for your review.

| Year | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|-----------------|---------|---------|---------|---------|---------|
| Production (MT) | 151864 | 120735 | 106220 | 112024 | 111624 |
| Growth (%) | 26 | 14 | (5) | - | (13) |

MINERALS:

As you are aware this division which was started 22 years ago is passing through critical phase due to Governmental restrictions and steep increase in raw material prices. Despite all the above, this division could maintain the production.

| Year | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|-----------------|---------|---------|---------|---------|---------|
| Production (MT) | 102524 | 102740 | 97950 | 104750 | 114106 |
| Growth (%) | - | 5 | (6) | (8) | 5 |

WINDMILLS:

Presently this division is having a capacity of 11125 KW with 12 Windmills including solar power. Glad to note that this division meets nearly 99% of the consumption of your Company, thereby resulting in less power purchase and reduction in cost of production.

(Units in lakhs)

| Year | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|-----------------------------|---------|---------|---------|---------|---------|
| Units Generated | 163 | 178 | 159 | 96 | 111 |
| Units Consumed | 304 | 190 | 196 | 199 | 200 |
| Excess/ (Short) Consumption | 141 | 12 | 37 | 103 | 89 |

BAKERY:

Members may recall my last year message wherein I have informed about the starting of Bakery units at Chennai and Bengaluru. Despite best efforts put in, the units could start commercial operations in a marginal way only on account of various regulatory formalities. We are hopeful to start continuous operations from 2019-20.

FINANCIAL INFORMATION:

The book value of shares stood at Rs. 88.82 per share reflecting the growth your Company has achieved over a period of years.

| Year | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|-----------------------------|---------|---------|---------|---------|---------|
| Per Share Value (in Rs.) | 88.82 | 77.13 | 62.62 | 44.89 | 47.70 |

DIVIDEND POLICY:

Taking into consideration the profitability and the need to conserve reserves for expansion and modernization, your Directors have proposed and recommended a dividend of Rs. 0.80 per equity share of Rs. 10/- each (previous year Rs. 0.80 per equity share). This will absorb a sum of Rs. 1.14 Cr (Previous year Rs. 1.14 Cr).

ACKNOWLEDGMENT:

My wholehearted thanks are due to all the shareholders of the Company for their sustained support to the Company.

I am extremely grateful to my colleagues on the Board for their guidance, support and wise counsel which helped us to steer the Company safely during challenging times.

Executives and employees of all ranks of the Company have put in creditable performance which enabled the Company to achieve record production and turnover. My thanks are due to them.

I am grateful to all our shareholders, customers, suppliers and service providers for their wholehearted support and cooperation.

My thanks are equally due to various departments of Central & State Governments and Banks.

GOD BE WITH NAGA FAMILY.

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

LAST 10 YEARS FINANCIAL HIGHLIGHTS

(All amounts are in Crores of Indian Rupees, unless otherwise Stated)

| | | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|--------------------------|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PROFIT & LOSS | PARTICULARS | | | | | | | | | | |
| | Operating Income / Turnover | 837.19 | 893.92 | 652.47 | 432.74 | 463.53 | 423.30 | 366.69 | 297.81 | 267.83 | 205.79 |
| | Other Income | 14.13 | 8.95 | 2.70 | 2.91 | 2.22 | 1.37 | 3.58 | 4.37 | 3.96 | 2.59 |
| | Total Income | 851.32 | 902.87 | 655.17 | 435.65 | 465.75 | 424.67 | 370.27 | 302.18 | 271.79 | 208.38 |
| | Operating Expenses | 769.21 | 808.61 | 572.56 | 389.69 | 418.02 | 371.81 | 322.97 | 269.93 | 246.00 | 185.49 |
| | EBDITA | 82.11 | 94.26 | 82.61 | 45.96 | 47.73 | 52.86 | 47.30 | 32.25 | 25.79 | 22.89 |
| | Depreciation | 27.42 | 25.29 | 21.41 | 18.88 | 17.46 | 16.44 | 13.78 | 9.26 | 6.31 | 4.46 |
| | Interest | 29.07 | 31.98 | 22.98 | 18.23 | 19.95 | 22.74 | 15.34 | 14.44 | 9.76 | 9.01 |
| | Profit Before Tax (PBT) | 25.62 | 36.99 | 38.22 | 8.86 | 10.32 | 13.68 | 18.17 | 8.55 | 9.72 | 9.42 |
| | Profit After Tax (PAT) | 18.12 | 22.15 | 25.76 | 5.12 | 7.62 | 10.13 | 14.04 | 6.05 | 7.32 | 7.16 |
| BALANCE SHEET | Cash Profit (Post Tax) | 45.54 | 47.44 | 47.17 | 23.99 | 25.09 | 26.58 | 27.82 | 15.31 | 13.63 | 11.62 |
| | Equity Dividend (%) | 8% | 8% | 8% | 8% | 8% | 6% | 6% | 6% | 6% | 6% |
| | Dividend Payout | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 0.85 | 0.85 | 0.85 | 0.79 | 0.79 |
| | Dividend Payout Ratio (%) | 6% | 5% | 4% | 22% | 15% | 8% | 6% | 14% | 11% | 11% |
| | No of Equity Shares | 1.42 | 1.42 | 1.42 | 1.42 | 1.42 | 1.42 | 1.42 | 1.42 | 1.32 | 1.32 |
| | Face Value of Equity Shares (Rs) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| | Equity Share Capital | 14.25 | 14.25 | 14.25 | 14.25 | 14.25 | 14.25 | 14.25 | 14.25 | 13.20 | 13.20 |
| | Reserves and Surplus | 112.30 | 95.63 | 75.00 | 50.00 | 53.75 | 47.61 | 38.47 | 23.69 | 17.27 | 10.90 |
| | Shareholders Funds/Networth | 126.55 | 109.88 | 89.25 | 64.25 | 67.99 | 61.86 | 52.72 | 37.93 | 30.47 | 24.10 |
| | Long Term Debt | 146.02 | 141.44 | 92.30 | 99.70 | 102.05 | 105.77 | 104.80 | 72.14 | 58.61 | 42.52 |
| RATIOS | Gross Fixed Assets | 234.32 | 222.99 | 309.00 | 262.00 | 249.00 | 229.00 | 211.00 | 149.00 | 123.00 | 103.00 |
| | Net Fixed Assets | 206.90 | 176.00 | 165.66 | 139.76 | 145.52 | 142.88 | 141.10 | 96.40 | 79.80 | 65.44 |
| | Earning Per Share (Rs.) | 12.72 | 15.55 | 18.08 | 3.59 | 5.35 | 7.11 | 9.85 | 4.25 | 5.54 | 5.43 |
| | Book Value Per Share (Rs.) | 88.82 | 77.13 | 62.62 | 44.89 | 47.70 | 43.41 | 37.00 | 26.62 | 23.08 | 18.26 |
| | Debt (Longterm) Equity Ratio | 1.15 | 1.29 | 1.03 | 1.55 | 1.50 | 1.71 | 1.99 | 1.90 | 1.92 | 1.76 |
| | Interest Coverage Ratio | 2.82 | 2.95 | 3.67 | 2.52 | 2.39 | 2.32 | 3.08 | 2.23 | 2.64 | 2.54 |
| | Leverage : TOL/TNW | 1.92 | 3.04 | 3.76 | 2.62 | 2.44 | 3.03 | 3.45 | 3.09 | 3.61 | 3.56 |
| | EBDITA/Turnover (%) | 9.81% | 10.54% | 12.66% | 10.62% | 10.30% | 12.49% | 12.90% | 10.83% | 9.63% | 11.12% |
| | RONW (%) | 14.32% | 20.16% | 28.86% | 7.96% | 11.21% | 16.38% | 26.63% | 15.95% | 24.02% | 29.72% |



NAGA LIMITED

Registered Office: No.1, Anna Pillai Street, Chennai - 600 001. Ph : 044-25363535 website: www.nagamills.com,
Corporate Identity Number (CIN):L24246TN1991PLC020409 Investors Relations email Id: marikannanv@nagamills.com.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of NAGA LIMITED will be held at the Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai-600008 on Thursday the 26th day of September, 2019 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Reports of the Board of Directors' and the Auditors thereon; and

b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Report of Auditors thereon.

2. To declare a dividend on equity shares for the financial year ended 31st March, 2019.

3. To appoint a Director in place of Smt. Mageswari Kannan (DIN 02107556), who retires by rotation and being eligible, offers herself for re-appointment.

“RESOLVED THAT Smt. Mageswari Kannan (DIN 02107556), who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible be and is hereby re-appointed as Director of the Company whose office shall be liable to retirement by rotation.”

SPECIAL BUSINESS:

4. To approve the remuneration of the Cost Auditor for the financial year 2019-20 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable for the financial year 2019-20 to Dr. I. Ashok, CMA (M. No. 011929), Cost Accountant appointed by the Board of Directors of the Company on 23rd May 2019 to conduct the audit for Detergents Division of the Company for the financial year 2019-20, on a remuneration of Rs.35,000/- (Rupees Thirty Five Thousand Only) plus GST as applicable and reimbursement of conveyance at actuals be and is hereby approved and confirmed.”

“RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

5. Reappointment of Sri. S. Ramesh (DIN 01620265) as an Independent Director of the Company for second consecutive term of 5 years, and in this regard, 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, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, Sri. S. Ramesh (DIN 01620265), be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation to hold office for a second consecutive term of five years until the conclusion of 33rd AGM or upto 30th September 2024 whichever is earlier.”

“RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

6. Reappointment of Sri. L.A. Irudayaraj (DIN 01973946) as an Independent Director of the Company for second consecutive term of 5 years, and in this regard, 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, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, Sri. L.A. Irudayaraj (DIN 01973946), be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation to hold office for second consecutive term of five years until the conclusion of 33rd AGM or upto 30th September 2024 whichever is earlier.”

“RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

7. To approve the revision of remuneration of Sri. K.S. Kamalakannan, (DIN 01601589) Chairman and Managing Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution.

“RESOLVED THAT in partial modification to the Resolution No. 6 passed by the Members at the 26th Annual General Meeting held on 19th August ,2017 approving the reappointment and terms of remuneration of Sri. K.S.Kamalakaran, Chairman and Managing Director in accordance with the provisions of Sections 196, 197 and Schedule V Part II Section II and other applicable provisions, if any, of the Companies Act, 2013 and subject to the overall ceiling limit, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Sri. K.S. Kamalakannan, Chairman and Managing Director from Rs. 6 Lakhs to Rs.8 Lakhs per month with effect from 1st October, 2019, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Sri. K.S. Kamalakannan, as Chairman and Managing Director as approved earlier by the Members, shall remain unchanged.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of the above Director, salary and perquisites would be paid as above and prorata eligible commission if any, subject to the doubled ceiling limit specified under Paragraph of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.”

“RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution”.

8. To approve the revision of remuneration of Smt. Mageswari Kannan, (DIN 02107556) Joint Managing Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution.

“RESOLVED THAT in partial modification to the Resolution No. 7 passed by the Members at the 27th Annual General Meeting held on 28th September, 2018 approving the revision of salary of Smt. Mageswari Kannan, Joint Managing Director from Rs.4 Lakhs to Rs.5.50 Lakhs per month in accordance with the provisions of Sections 196, 197 and Schedule V Part II Section II and other applicable provisions, if any, of the Companies Act, 2013 and subject to the overall ceiling limit, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Smt. Mageswari Kannan, Joint Managing Director from Rs. 5.50 Lakhs to Rs.7.50 Lakhs per month for the remaining period of her tenure of office, with effect from 1st October, 2019, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Smt. Mageswari Kannan as Joint Managing Director as approved earlier by the Members, shall remain unchanged.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of the above Director, salary and perquisites would be paid as above and prorata eligible commission if any, subject to the doubled ceiling limit specified under Paragraph of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.”

“RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution”.

9. To approve the revision of remuneration of Sri. Sounder Kannan, (DIN 01603823) Whole-Time Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution.

“RESOLVED THAT in partial modification to the Resolution No. 8 passed by the Members at the 27th Annual General Meeting held on 28th September, 2018 approving the revision of salary of Sri. Sounder Kannan, Whole-Time Director from Rs. 4 Lakhs to Rs. 5 Lakhs per month in accordance with the provisions of Sections 196, 197 and Schedule V Part II Section II and other applicable provisions, if any, of the Companies Act, 2013, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Sri. Sounder Kannan, Whole-Time Director from Rs. 5 Lakhs to Rs. 7 Lakhs per month for the remaining period of his tenure of office, with effect from 1st October, 2019, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Sri. Sounder Kannan as Whole-Time Director as approved earlier by the Members, shall remain unchanged.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of the above Director, salary and perquisites would be paid as above and prorata eligible commission if any, subject to the doubled ceiling limit specified under Paragraph of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.”

“RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

10. To approve the revision of remuneration of Sri. D. Vijay Anand (DIN 07400565), Technical Director of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution.

“RESOLVED THAT in partial modification to the Resolution No. 9 passed by the Members at the 27th Annual General Meeting held on 28th September, 2018 approving the revision of salary of Sri. D. Vijay Anand, Technical Director from Rs. 4 Lakhs to Rs. 5 Lakhs per month in accordance with the provisions of Sections 196, 197 and Schedule V Part II Section II and other applicable provisions, if any, of the Companies Act, 2013, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Sri. D. Vijay Anand, Technical Director from Rs. 5 Lakhs to Rs. 7 Lakhs per month for the remaining period of his tenure of office, with effect from 1st October, 2019, as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Sri. D. Vijay Anand as Technical Director as approved earlier by the Members, shall remain unchanged.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of the above Director, salary and perquisites would be paid as above and prorata eligible commission if any, subject to the doubled ceiling limit specified under Paragraph of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.”

“RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

Place : Dindigul
Date : 23rd May, 2019

BY ORDER OF THE BOARD
For NAGA LIMITED

V. MARIKANNAN
COMPANY SECRETARY
M. No.A30767

Notes:

1) Proxy:

A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote on a poll instead of himself and such Proxy need not be a Member of the Company.

A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person.

2) Deposit of Proxy Forms:

The instrument appointing the Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the meeting.

3) Particulars of Directors:

Particulars of Director seeking re-appointment, pursuant to Clause 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Appendix - A.

4) Book Closure:

The Register of Members and the Share Transfer Books will be closed from Friday, the September 20, 2019 to Thursday, the September 26, 2019 (both days inclusive).

5) Dividend:

Dividend on Declaration will be paid to the Shareholders on/ before 25th October, 2019.

Members are advised to refer to 'Shareholder Information' Section of the Corporate Governance Report (Page No. 50 of the Annual Report) for details on dividend entitlement and payment options.

6) Unclaimed Dividend:

Unclaimed dividend for over 7 years and the underlying shares thereof will be transferred to the Investor Education and Protection Fund. Members may refer to Page 50 of the Annual Report and lodge their claim, if any, immediately either with the Company Secretary or Investor Education and Protection Fund.

7) E-Communication:

Members are requested to opt for electronic mode of communication and support the Green initiatives of the Government.

8) Member Identification:

Members are requested to bring the attendance slips duly filled in and copy of the Annual Report to the meeting.

9) Voting facilities:

(a) Remote e-Voting

Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management & Administration) Rules, 2014, the Company provides facility for its Members to exercise their voting right by electronic means.

(b) Voting at Annual General Meeting

The Company also offers the facility for voting through Polling Paper at the meeting.

(c) Voting option

Please note that a Shareholder can vote only under any one of the two options mentioned above.

(d) Voting instructions

Process and manner of voting containing detailed instructions is given in Appendix - B.

10) Gifts:

No gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Annual General Meeting in term of Clause 14 of the Secretarial Standards (SS-2) pertaining to distribution of Gifts at Annual General Meeting.

11) Route Map:

Route Map showing the location of and directions to reach the venue of the 28th Annual General Meeting is given at the end of this AGM Notice as per the requirement of the Secretarial Standard 2 on “General Meeting.”

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

Item No.4:

The Board of Directors of the Company, at their meeting held on 23rd May, 2019 on the recommendation of the Audit Committee, approved the appointment and remuneration of Dr. I. Ashok, CMA (M.No.011929), Cost Accountant, to conduct the cost audit for Detergents Division of the Company for the financial year 2019-20 on a remuneration of Rs. 35,000/- plus GST and reimbursement of conveyance at actuals, subject to approval by shareholders.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be approved by the Shareholders of the Company. Accordingly, the Shareholders are requested to approve the remuneration payable to the Cost Auditor for the year 2019-20 as set out in the Resolution for the aforesaid services to be rendered by him.

The Resolution is recommended for your approval. None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the resolution.

Item No.5:

Sri. S. Ramesh is an Independent Director of the Company. He joined the Board of Directors of the Company on 8th March, 2006. Sri. S. Ramesh is the Chairman of the Stakeholders Relationship Committee, and a Member of Nomination and Remuneration Committee and Audit Committee of the Company.

Sri. S. Ramesh holds Bachelor’s Degree in Commerce and has more than 35 years experience in Finance, Marketing and Production of Food, Leather, Detergent Industries and Civil Projects.

In terms of section 149 and any other applicable provisions of the Companies Act, 2013, Sri. S. Ramesh being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for a second consecutive term of 5 years until the conclusion of 33rd AGM or upto 30th September, 2024 whichever is earlier. In the opinion of the Board, Sri. S. Ramesh fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as an Independent Director and is Independent of the Management. Copy of the draft letter for appointment of Sri. S. Ramesh as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. S. Ramesh as an Independent Director. Further considering the recommendation of Nomination and Remuneration Committee, the Board recommends the resolution in relation for re-appointment of Sri. S. Ramesh as an Independent Director, not liable to retire by rotation, for the approval by Shareholders of the Company by Special Resolution.

Except Sri. S. Ramesh, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.5. This explanatory statement may also be regarded as a disclosure under Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No.6:

Sri. L.A. Irudayaraj is an Independent Director of the Company. He joined the Board of Directors of the Company in 06.07.2007. Sri. L.A. Irudayaraj is the Chairman of the Audit Committee and Nomination and Remuneration Committee of the Company.

Sri. L.A. Irudayaraj is a Chartered Accountant and has more than 47 years of experience as a Senior Executive in various established Companies like SPIC, TISCO, Jamshedpur, etc., In terms of section 149 and any other applicable provisions of the Companies Act, 2013, Sri. L.A. Irudayaraj being eligible and offering himself for re-appointment, is proposed to be reappointed as an Independent Director for a second consecutive term of 5 years until the conclusion of 33rd AGM or upto 30th September, 2024 whichever is earlier. In the opinion of the Board, Sri. L.A. Irudayaraj fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as an Independent Director and is Independent of the Management. Copy of the draft letter for appointment of Sri. L.A. Irudayaraj as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. L.A. Irudayaraj as an Independent Director. Further considering the recommendation of Nomination and Remuneration Committee, the Board recommends the resolution in relation for re-appointment of Sri. S. Ramesh as an Independent Director, not liable to retire by rotation, for the approval by Shareholders of the Company by Special Resolution.

Except Sri. L.A. Irudayaraj, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.6. This explanatory statement may also be regarded as a disclosure under Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No. 7, 8, 9 & 10:

Despite various vagaries and pressures, the Company could maintain a reasonable production and turnover for the year 2018-19. During the current year 2019-20, the Company plans to complete the various projects on hand including achieving the targets at Chennai and Bangalore Bakeries. Also, it is planned to achieve a reasonable production, turnover and profitability during the current year 2019-20. Considering all the above and noting the best contribution made by Sri. K.S. Kamalakannan, CMD, Smt. Mageswari Kannan, JMD, Sri. Sounder Kannan, WTD, and Sri. D. VijayAnand, TD it is felt that their efforts and contribution has to be adequately rewarded. Hence, it is proposed to revise the Salary Scale (subject to approval of Shareholders at ensuing AGM) of Sri. K.S. Kamalakannan, CMD from present remuneration of Rs. 6 Lakhs p.m. to Rs. 8 Lakhs p.m, Smt. Mageswari Kannan, JMD from present remuneration of Rs. 5.50 Lakhs p.m. of Rs.7.50 Lakhs p.m. For Sri. Sounder Kannan and WTD Sri. D. Vijay Anand, TD the present remuneration of Rs. 5 Lakhs p.m. is to be revised to Rs.7 Lakhs p.m. w.e.f. 1st October, 2019. However, all other terms and conditions as approved earlier by the Members under Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V Part II Section II subject to such approvals as may be necessary shall remain unchanged.

The details of revised remuneration are as follows:

| Name | Sri.K.S.Kamalakannan Chairman and Managing Director (DIN 01601589) | Smt. Mageswari Kannan Joint Managing Director (DIN 02107556) | Sri. Sounder Kannan Whole-Time Director (DIN 01603823) | Sri. D. Vijay Anand Technical Director (DIN 07400565) |
|-------------|--|--|--|---|
| Salary | Rs. 8,00,000/- per month (Rupees Eight Lakhs Only) | Rs. 7,50,000/- per month (Rupees Seven Lakhs Fifty Thousand Only) | Rs. 7,00,000/- per month (Rupees Five Lakhs Only) | Rs. 7,00,000/- per month (Rupees Five Lakhs Only) |
| Commission | At the rate of 2% on the Net Profits of the Company computed in the manner laid down in the Companies Act. | At the rate of 1% on the Net Profits of the Company computed in the manner laid down in the Companies Act for each of the above person. | | |
| Perquisites | a) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. | a) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and b) Provision of rent free residential accommodation. | a) Company's contribution to Provident Fund as per the rules of the Company: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. | |

Note :Net Profits for this purpose shall be as per computation of Net Profits under section 198 of the Companies Act, 2013.

The Board recommends these resolutions set out in Item No. 7, 8, 9 & 10 for approval of the Members.

Sri. K.S. Kamalakannan, Smt. Mageswari Kannan, Sri. Sounder Kannan and Sri. D. VijayAnand are interested in the said resolutions. None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested.

ANNEXURE

GENERAL INFORMATION

- | | | | | | | | | | | |
|--|--|-------------------|---|-------------|------------|---|-------------|---------------|---|---------|
| 1) Nature of Industry | : Manufacturing of Wheat products & Bakery Products, Detergents, Minerals and Generation of Wind Power. | | | | | | | | | |
| 2) Date of Incorporation/ Commencement of Commercial Production | : 01.03.1991 | | | | | | | | | |
| 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions approving in the prospectus | : N.A | | | | | | | | | |
| 4) Financial performance based on given indicators | <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Profit before Tax</td> <td style="width: 20%;">:</td> <td style="width: 40%;">25.62 Crore</td> </tr> <tr> <td>Net Profit</td> <td>:</td> <td>18.12 Crore</td> </tr> <tr> <td>Current Ratio</td> <td>:</td> <td>1.4 : 1</td> </tr> </table> | Profit before Tax | : | 25.62 Crore | Net Profit | : | 18.12 Crore | Current Ratio | : | 1.4 : 1 |
| Profit before Tax | : | 25.62 Crore | | | | | | | | |
| Net Profit | : | 18.12 Crore | | | | | | | | |
| Current Ratio | : | 1.4 : 1 | | | | | | | | |
| 5) Export performance and Net foreign exchange earned | : Rs. 4.04 Cr | | | | | | | | | |
| 6) Foreign Investments or collaborations, if any | : Nil | | | | | | | | | |

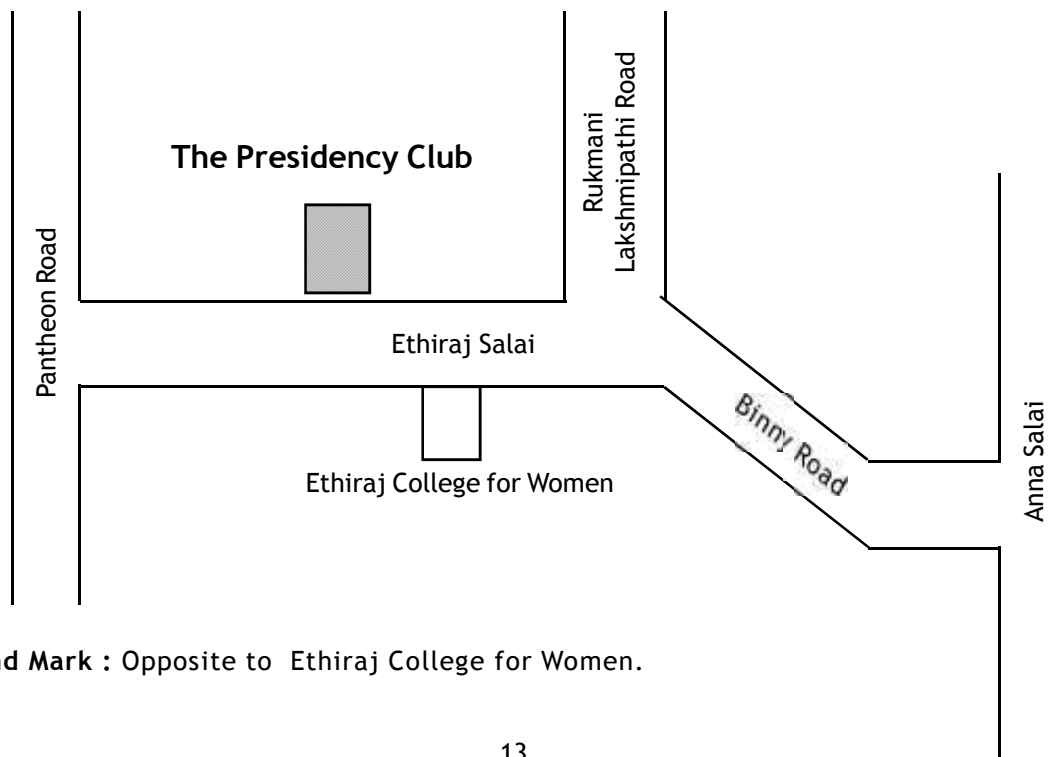
Place : Dindigul
Date : 23rd May, 2019

BY ORDER OF THE BOARD
For NAGA LIMITED

V. Marikannan
Company Secretary
M.No. A30767

Route Map to the AGM Venue

Venue: The Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008.



Land Mark : Opposite to Ethiraj College for Women.

Re-appointment of Directors:

APPENDIX-A

Information required to be furnished under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 on General Meetings. As required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2, the particulars of Directors who are proposed to be re-appointed at this meeting are given below:

| | | | | |
|----|--|---|---|---|
| 1 | Name of Director | Smt. MAGESWARI KANNAN | Sri. L.A. IRUDAYARAJ | Sri. S. RAMESH |
| 2 | Director Identification Number (DIN) | DIN 02107556 | DIN 01973946 | DIN 01620265 |
| 3 | Date of Birth | 27th January, 1959 | 13th June, 1947 | 9th July, 1966 |
| 4 | Nationality | Indian | Indian | Indian |
| 5 | Date of Reappointment | 1 st August, 2017 | 1 st August, 2014 | 1 st August, 2014 |
| 6 | Relationship with other Directors | Wife of Sri. K.S. Kamalakannan, Mother of Sri. Sounder Kannan and Mother-in-Law of Sri. D. Vijay Anand. | - | - |
| 7 | Qualification | B.Sc., | B.Com., F.C.A., | B.Com., |
| 8 | Expertise in specific functional areas | Experience in Flour Milling, Minerals & Manufacturing Detergents for the past 37 Years | Vast and Varied experience in Finance & Accounts. | Experience in Finance, Marketing and Production of Food, Leather, Detergent Industries and in Civil Projects. |
| 9 | Number of shares held in the Company | 1855220 | 400 | Nil |
| 10 | List of Directorship held in other public Companies | i. Naga Mills Limited ii. Naga Marine Industries Limited | Nil | Nil |
| 11 | Membership / Chairmanship of Committees of the public companies (includes only Audit, Nomination and Remuneration, Stakeholders Relationship and CSR Committees) | Naga Limited :- i. Audit Committee ii. Stakeholders Relationship Committee iii. CSR Committee | Nil | Nil |
| 12 | No. of Board meetings attended during the financial year 2018-19 | Held - 5 Attended - 5 | Held - 5 Attended - 5 | Held - 5 Attended - 5 |

Voting Process and Instructions

Remote e-voting(Voting through electronic means):

- In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
- The Company has appointed Mr. G. Sreenivasa Rao (Membership No. 5691), Practicing Company Secretary, representing M/s.G.S.R. & Co., Company Secretaries to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner. The procedure and instructions for the voting through electronic means is, as follows:
 - The voting period begins on 23rd September, 2019(10.00 A.M.)and ends on 25th September, 2019 (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 of 19th September 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - The Shareholders should log on to the e-voting website www.evotingindia.com.
 - Click on Shareholders.
 - Now Enter your User ID.
 - For CDSL: 16 digits beneficiary ID.
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|---|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> <p>Sequence number has been provided as Sl. No. in the address label.</p> |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <p>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.</p> |

- After entering these details appropriately, click on “SUBMIT” tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, Members 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant Naga Limited on which you choose to vote.
- 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.
- Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- 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.
- Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- If 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.
- Shareholders can also cast their vote using CDSL’s mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

Note for Non - Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 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.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- Pursuant to Section 107 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, there will not be voting by show of hands on any of the agenda items at the Meeting and the Company will conduct voting at the Meeting.
- The Scrutinizer shall submit his report, to the Chairman, on the votes cast in favour or against, if any, within a period of three working days from the date of conclusion of the e- voting period.
- The results declared along with the Consolidated Scrutinizer’s report shall be placed on the website of the Company www.nagamills.com. The results shall simultaneously be communicated to the Stock Exchange.

Place : Dindigul
Date : 23rd May, 2019

BY ORDER OF THE BOARD
For NAGA LIMITED

V. Marikannan
Company Secretary
M.No. A30767

28TH DIRECTORS' REPORT

TO THE MEMBERS OF NAGA LIMITED

Your Directors hereby present the 28th Annual Report together with the Audited Accounts for the year ended 31st March, 2019.

WORKING RESULTS

The standalone and consolidated audited financial results of your Company for the year under review along with the figures for the previous year are as follows:

(Rs. in Cr)

| Working Results | Standalone | | Consolidated | |
|---|----------------|----------------|----------------|----------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Sales and other operating Income | 837.19 | 893.92 | 837.20 | 893.92 |
| Other Income | 14.13 | 8.95 | 14.14 | 8.95 |
| Total Income | 851.32 | 902.87 | 851.34 | 902.87 |
| Profit before Interest, Depreciation and Tax | 82.11 | 94.26 | 81.79 | 94.15 |
| Finance Cost | 29.07 | 31.98 | 29.07 | 31.98 |
| Depreciation | 27.42 | 25.29 | 27.42 | 25.29 |
| Profit before Tax | 25.62 | 36.99 | 25.30 | 36.88 |
| Provision for Current Tax | 6.10 | 12.15 | 6.10 | 12.15 |
| Provision for deferred Tax | 1.40 | 2.69 | 1.40 | 2.69 |
| Net Profit | 18.12 | 22.15 | 17.80 | 22.04 |
| Other Comprehensive Income | | | | |
| Remeasurement of Defined Benefit Plans (Net of Taxes) | (0.09) | (0.11) | (0.09) | (0.11) |
| Total OCI for the year | 18.03 | 22.04 | 17.71 | 21.92 |
| Appropriations | | | | |
| Total OCI for the year | 18.03 | 22.04 | 17.71 | 21.92 |
| Add: Surplus from Previous Year | 91.46 | 71.00 | 91.38 | 71.04 |
| Total | 109.49 | 93.04 | 109.09 | 92.96 |
| Dividend paid during the year | 1.14 | 1.14 | 1.14 | 1.14 |
| Tax on Dividend Distribution | 0.23 | 0.23 | 0.23 | 0.23 |
| Transfer to General Reserve | 0.21 | 0.21 | 0.21 | 0.21 |
| Balance carried forward | 107.91 | 91.46 | 107.51 | 91.38 |

During the year under review the Company's Operational Revenue was Rs. 851.32 Crore as compared to the Operational Revenue of Rs. 902.87 Crore achieved during the previous year.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.0.80 per equity share of Rs. 10/- each, for the year ended 31st March, 2019.

The Dividend, subject to approval of Members, will be paid to the Members whose names appear on the Register of Members as on record date. The dividend for the financial year, amounts to Rs. 0.80 per equity share (8% on paid-up equity share capital) (previous year Rs. 0.80 per equity share - 8% on paid-up equity share capital) and the same will absorb Rs. 1.37 Cr including dividend distribution tax (previous year Rs.1.37 Cr).

TRANSFER TO RESERVE

Your Board propose to transfer Rs. 0.21 Cr to the General Reserve. An amount of Rs. 2.92 Cr is proposed to be retained in the General Reserve Account.

COMPANY PERFORMANCE

Despite challenges and vagaries faced in operations, your Company could maintain a reasonable production, turnover and profitability. Reduction in turnover coupled with increased expenditure resulted in reduced profitability. Your Company had to spend on the new projects in order to achieve better results in the future.

FOOD AND RETAIL

This division has achieved a turnover of Rs. 757.22 Cr during the year under review as compared to Rs.822.18 Cr achieved during the corresponding period last year. However due to higher cost of raw materials and reduced trading activities, profitability has come down.

DETERGENTS

A turnover of Rs. 45.15 Cr was achieved by this division during the year under review as against a turnover of Rs. 32.14 Cr achieved during the previous year. The profitability of this division also registered an increase as per the increase in turnover.

MINERALS

The division has achieved a turnover of Rs. 34.02 Cr during the year under review as against Rs. 37.02 Cr achieved in the corresponding previous year. Due to steep increase in prices of raw materials and low volume of sales, the profitability has come down.

WIND & SOLAR POWER

Due to late start of the season as well erratic climate conditions, the turnover and profitability has come down during the year under review.

BAKERY BUSINESS

Members may recall that your Company has reported in the last year Annual Report about the start of the Bakery Units at Bengaluru and Chennai. After undergoing various issues and problems the units got commissioned and commercial productions are started in a small way. Your Company has initiated market studies and started uploading samples in various places and the results are encouraging.

FINANCE

Installments of Term Loans and interest dues on Term Loans and working capital borrowings were paid on or before the respective due dates.

ACCREDITATIONS

The Company continues to be certified under FSSC 22000:2005 including ISO 22000:2005, ISO/TS 22000-1:2009. The Company also continues to get certified as Grade A under BRC Global Standard for food safety.

SUBSIDIARIES AND ASSOCIATES

Your Company has 2 Wholly Owned Subsidiaries and 2 Associates as at March 31, 2019. The consolidated financial statements of the Company & its wholly owned subsidiaries & associates which form part of Annual Report have been prepared in accordance with section 129(3) of the Companies Act, 2013. Further, a statement containing the salient features of the Financial Statement of Subsidiary Companies & Associate Companies in the prescribed format AOC-1 is annexed with Consolidated Financial Statements. The statement also provides the details of performance and financial position of the Wholly Owned Subsidiary Companies & Associate Companies.

In accordance with Section 136 of the Companies Act, 2013 the Audited Financial Statements, including the consolidated financial statements & related information of the Company & Audited Accounts of its Subsidiary Companies are available on the website www.nagamills.com. These documents will also be available for inspection during business hours at the registered office of the Company. Any Member desirous of obtaining a copy of the said financial statement may write to the Company Secretary at the Registered Office of the Company.

The Consolidated net profit of the Company and its Subsidiaries amounted to Rs. 17.80 Cr for the financial year ended 31st March, 2019 as compared to Rs. 22.04 Cr for the previous financial year ended 31st March, 2018. Additional details regarding performance of the Associate Companies & Subsidiary Companies have been mentioned in the succeeding paragraphs.

ASSOCIATE COMPANIES

Annai Power Private Limited

The Company is engaged in the business of leasing of Assets and wind mill power generation.

This Company recorded a loss of Rs. 0.90 Cr for the year ended 31st March, 2019 (Previous year: Profit of Rs.0.31 Cr).

Nagalakshmi Energy Private Limited

The Company is engaged in the business of wind mill power generation and logistics.

This Company recorded a loss of Rs.0.89 Cr for the year ended 31st March, 2019 (Previous year: Loss of Rs. 0.03 Cr).

OVERSEAS SUBSIDIARIES

Naga Far East Private Limited (Singapore)

The Company has been formed to carry on the business of international trading in commodities, supply chain management in food products, investing and holding assets and trading in mines & quarries worldwide.

This Company recorded a loss of US\$ 4,607 /- (equivalent to Rs. 0.03 Cr) for the year ended 31st March, 2019 (Previous year: Loss of US\$ 4,044/- (Rs.0.03 Cr)).

Naga Mills Private Limited (Bangladesh)

The Company operates in the business of manufacturing and job works related to Detergents.

This Company recorded a loss of Taka 5,32,054/- (equivalent to Rs.0.04 Cr) for the year ended 31st March, 2019 (Previous year: Loss of Taka 2,25,416/- (Rs. 0.02 Cr)).

MATERIAL SUBSIDIARY

The Board of Directors of the Company had adopted a Policy for determining material Subsidiary Company in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is uploaded on the Company's website at <http://www.nagamills.com/Investors.html>. Presently there is no material Subsidiary Company.

CURRENT YEAR PERFORMANCE 2019-20

Considering the competition, price increase of raw materials and other problems, your Company is gearing itself to achieve the level of performance obtained in the earlier year. Despite, the challenges faced, your Company is hopeful to achieve the targets.

ENVIRONMENTAL PROTECTION

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliance of environmental regulations and preservation of natural resources. The Company continues to provide utmost attention to the conservation and improvement of the environment. Various provisions and precautions are taken to enable the Company to comply with the Pollution Control norms on a sustainable basis.

RESEARCH AND DEVELOPMENT

Members attention is drawn to the report given last year in which special mention is made about the creation of R&D Centre in your Company. We are glad to inform you that the R&D Centre is fully functional and has taken up a variety of Research activities to help the Company achieve various targeted results.

Your Director's are extremely pleased to inform you that your in-house R&D Centre is recognized by Department of Scientific and Industrial Research, Ministry of Science and Technology, New Delhi. This is a milestone in the history of the Company and will help the Company to achieve better results in future.

MANAGEMENT DISCUSSION & ANALYSIS

The Report on Management's Discussion and Analysis as required by the SEBI (LODR) Regulations, 2015 covering the industry structure and developments, threats, discussion financial performance etc, is contained in the Management's Discussion and Analysis which forms an integral part of this report and annexed in "Annexure - A".

CORPORATE GOVERNANCE

Pursuant to Regulations 34 and Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, Corporate Governance Report, together with the Certificate from Company's Auditors confirming the compliance of conditions on Corporate Governance is given in "Annexure - B".

DISCLOSURE U/S 134(3) OF THE ACT

Section 134(3) of the Companies Act, 2013 requires the Board's Report to include several additional contents and disclosures compared to the earlier law. Most of them have accordingly been made in Corporate Governance Report at appropriate places that forms an integral part of this report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as on March 31, 2019 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website of the Company at www.nagamills.com and is annexed in “Annexure-C” to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

While preparing the annual accounts, the Company has adhered to the following:

- a) In the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards referred to in Section 129 (1) of the Companies Act, 2013 read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) The Directors have 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 as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a “going concern” basis;
- e) The Directors have 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 have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year, the Company had made investments as detailed below:-

| S.No | Company Name | No. of Shares | Value(in Cr) |
|------|---|---------------|--------------|
| | Investment in Associate Company : | | |
| 1 | Annai Power Private Limited | 26000 | 0.26 |
| | Investment in Subsidiary Company : | | |
| 2 | Naga Mills Private Limited, Bangladesh | 8644 | 0.01 |

The Company has passed special resolution at the Extra Ordinary General Meeting held on 26.03.2019 under Section 185 of the Companies Act, 2013 granting approval to give corporate guarantee in connection with working capital loan to be taken by M/s. M.M. Detergents Company Private Limited (in which some of the Directors of the Company are interested) from its bankers upto a sum not exceeding Rs.50 Crores.

LOAN FROM DIRECTORS

During the year, Company has obtained loan from the Executive Directors as detailed below :

| S.No. | Name | Designation | Amount (Rs. in Cr) |
|-------|-----------------------|------------------------------|--------------------|
| 1. | Sri.K.S.Kamalakannan | Chairman & Managing Director | 5.42 |
| 2. | Smt. Mageswari Kannan | Joint Managing Director | 1.73 |
| 3. | Sri. Sounder Kannan | Whole-Time Director | 1.03 |

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

The Corporate Governance Report contains relevant details on the nature of Related Party Transactions (RPTs) and the policy formulated by the Board on Material RPTs. Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013 are furnished in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 in “Annexure - D”.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and is annexed in “Annexure - E”.

CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 mandates every Company having minimum threshold limit of net worth, turnover or net profit as prescribed to constitute a Corporate Social Responsibility Committee of the Board, formulation of a Corporate Social Responsibility policy that shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and duly approved by the Board, fix the amount of expenditure to be incurred on the activities and monitor the CSR Policy from time to time.

Since your Company exceeds the minimum threshold limits, constituted a CSR Committee of the Board and formulated a CSR Policy. The CSR Report forming part of this Report, is furnished in “Annexure - F”. Regarding the CSR contribution, an amount of Rs. 0.14 Cr was unspent out of the total CSR to be spent of Rs. 1.23 Cr due to delayed take off of the identified projects. The detailed reason for short spend is disclosed in CSR Report.

SECRETARIAL STANDARDS

The Company complies with Secretarial Standards to the extent applicable.

MATERIAL CHANGES AND COMMITMENTS

During the year under review, there was no change in the nature of business of the Company. There are no material changes and commitments in the business operations of the Company since the close of the financial year as on 31st March, 2019 to the date of this report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed in “Annexure - G”.

CASH FLOW STATEMENT AND CONSOLIDATED ACCOUNTS

As required under Regulation 34(2) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, a Cash Flow Statement is attached to the Balance Sheet. The consolidated financial statements prepared in accordance with the relevant Accounting Standards and as per Section 129(3) of the Companies Act, 2013 forms an integral part of the Annual Report.

INTERNAL FINANCIAL CONTROL

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented and embedded in the business process. The details of the same are provided in the Management Discussion and Analysis Report attached in “Annexure - A” to this Report.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditor during the course of his audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

INDUSTRIAL RELATIONS

Relation between Management and Employees were cordial throughout the year under review. The commitment, competence and dedication shown by employees of all divisions of the Company to achieve the targets is fully appreciated by the Company. The Company’s HR Policy contains the structured induction process along with KRA based appraisal system for the better growth of the employees and the Company. The commitment of the Company in enhancing, nurturing and retaining the talents through superior learning and organisational development will enable the Company to achieve growth and sustainability in the long run.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Smt. Mageswari Kannan (DIN 02107556), Joint Managing Director, retires by rotation as Director and being eligible, offers herself for reappointment at the ensuing Annual General Meeting.

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report vide ‘Annexure B’.

Sri. S. Ramesh and Sri. L.A. Irudayaraj, the Independent Directors will complete their 1st term of 5 years on or before 28th AGM or 30th September, 2019 whichever is earlier. In accordance with Section 149 and any other applicable provisions of the Companies Act, 2013 both the Directors are eligible to be appointed as Independent Directors for a second five year term. Based on the recommendation of the Audit Committee and the Board of Directors the resolution for appointing the Directors as Independent Directors is placed before the shareholders in the ensuing Annual General Meeting for their approval.

AUDITORS

a) Statutory Auditors

M/s. D. Sampathkumar & Co., Chartered Accountants, Chennai Firm Registration No. 003556S were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 12th September, 2016, for a term of five years.

In accordance with the Companies Amendment Act, 2017, notified on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Auditors Report to the Shareholders on the Standalone and Consolidated Financials for the year ended March 31, 2019 does not contain any qualification, reservation or adverse comment.

b) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. G.S.R. & Co., Practicing Company Secretaries, Chennai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for FY 2018-2019 in Form MR - 3 is annexed in "Annexure - H ". The report does not contain any qualification, reservation or adverse remark.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by SEBI, the Company has obtained the Annual Secretarial Compliance Report, thereby confirming compliance of the applicable SEBI Regulations and circulars /guidelines issued thereunder, on behalf of the Company. The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

c) Cost Auditor

Pursuant to the provisions of Section 148(3) of the Act the Board of Directors had appointed Dr. I. Ashok, Cost Accountant, Thirumangalam, having Registration No. 011929 as Cost Auditor of the Company, for conducting the audit of cost records of Minerals Division for the financial year 2018-19. The audit is in progress and report will be filed with the Ministry of Corporate affairs within the prescribed period.

The Company is required to maintain cost records for certain products as specified by the Central Government under sub-section (1) of Section 148 of the Act and accordingly such accounts and records are made and maintained in the prescribed manner. The Board of Directors of the Company, has appointed Dr. I. Ashok, Cost Accountant, Thirumangalam, having Registration No. 011929 as the Cost Auditor of the Company to conduct the cost audit of Detergents Division for the financial year 2019-20.

The remuneration proposed to be paid to the Cost Auditor, subject to the approval by the members of the Company at the ensuing 23rd AGM, would not exceed Rs. 35,000/- (Rupees Thirty Five Thousand only) excluding taxes and out of pocket expenses, if any. The Company has received consent from Dr. I. Ashok, Cost Accountant, to act as the Cost Auditor for conducting audit of the cost records for the financial year 2019-20 along with a certificate confirming their independence and arm's length relationship.

ACKNOWLEDGEMENT

Your Directors place on record their great appreciation of the tireless efforts of all the Executives and Employees of the Company for achieving the results despite various vagaries of business. The Directors also express their sincere thanks to the Government of India, Government of Tamil Nadu and Commercial Banks for their understanding, guidance and assistance and Dealers, Customers, Suppliers and Shareholders for their excellent support at all times.

Place : Dindigul

Date : 23rd May, 2019

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

ANNEXURE - A TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Strategic Location:

Naga Limited's food unit is located at Dindigul & in a leased premises at Aruppukottai. The total installed capacity is 1050 tons per day. The state of the art setup includes an entire Buhler plant with PLC control. The facility also consists of Silos for storage of wheat up to 64,000 tonnes.

Detergent division is located at Vedasandur and has a production capacity of 1,50,000 tonnes per annum. Minerals Division, located at Dindigul has a production capacity of 78,000 tons of granular and 42,000 tons of powder. The Energy division has 12 windmills of a capacity of 11125 KW including solar power at various location in Coimbatore, Dharapuram, Theni & Tirunelveli.

Industry Structure and Development:

The growth rate of Indian Economy which was at 6.8% in 2018-19, is expected to slow down to 6.6% in 2019-20. This lower growth rate is attributed to weaker domestic consumption, slower global growth and tension between US and China. India's wheat production has increased to a record 101.20 MT for the year 2018-19 up by 1.3% from a year ago. In order to protect the prices for farmers, the government has hiked the import duty to a record high level of 40%.

Opportunities:

The Food Processing industry is of enormous significance as it provides vital linkages and synergies that it promotes between the two pillars of the economy viz. agriculture and industry. Food processing is considered as one of the six superstar sectors under the Government of India's "Make in India" initiative. Despite huge domestic market of 1.3 billion customers, the processing levels in India remain low at 7.7% behind several economies such as China, Malayasia and US. Your Company is well poised to take the opportunities.

Threat:

As a branded goods business, your Company's success depends on the value and relevance of our brands and products to consumers and our ability to innovate and remain competitive. Our R&D Centre actively looks for ways in which to translate the trends in consumer preference and taste into new technologies for incorporation in future products.

Standalone Financial Performance:

Your Company recorded total revenue in FY 2018-19 of Rs. 851.32 Cr as against Rs.902.87 Cr in the previous year. EBITDA for the year stood at Rs. 82.11 Cr as against Rs. 94.26 Cr achieved in the previous year.

| Particulars | Current year 31.03.2019 | Previous year 31.03.2018 |
|---|----------------------------|-----------------------------|
| Sales From Operations | 837.19 | 893.92 |
| Other Income | 14.13 | 8.95 |
| Total Income | 851.32 | 902.87 |
| Profit before Interest, Depreciation, Tax & Amortisation (EBIDTA) | 82.11 | 94.26 |
| Finance Cost | 29.07 | 31.98 |
| Depreciation | 27.42 | 25.29 |
| Taxation | 7.50 | 14.84 |
| Profit after Tax | 18.12 | 22.15 |
| EBITDA Margin % | 9.81% | 10.54% |
| Return on Average Capital Employed %(Before Interest and Tax) | 20.29% | 27.04% |
| Current Asset Ratio | 1.42 | 1.22 |
| Debt Equity Ratio | 1.15 | 1.27 |

Increased prices of raw materials and other component of expenses resulted in reduced profitability.

India Rating and Research (formerly known as FITCH India Ratings) confirmed their rating as BBB+ (Positive) for the year 2019-20. The Company serviced all its debt obligations on time. Stock Management and debt streamlining helped your Company to improve the current ratio and debt equity ratio.

Segment-wise and Division-wise performance:

The Company reports the operation in two reporting segments viz. Foods & Windmill and Minerals & Detergents. The details of the segment revenue, results and capital employed are enclosed in Note 39 under 'Segment Reporting' which forms part of the Consolidated Accounts.

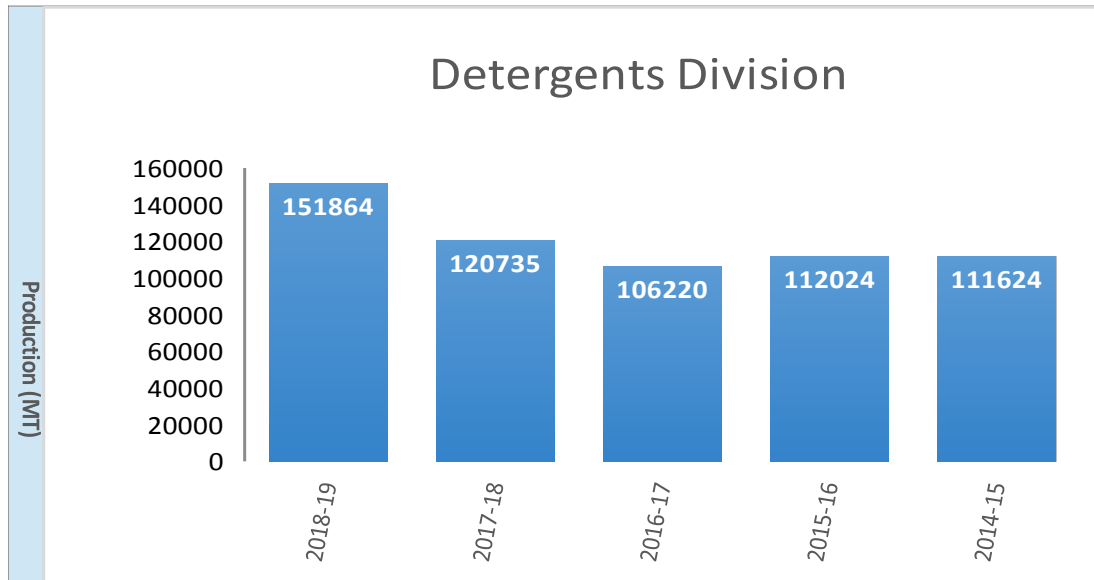
Foods and Retail Division:

The volume of production recorded an increase of 6.64% during the year under review as compared to the earlier year. However increased prices and volatile market conditions resulted in reduction in the value of the turnover.



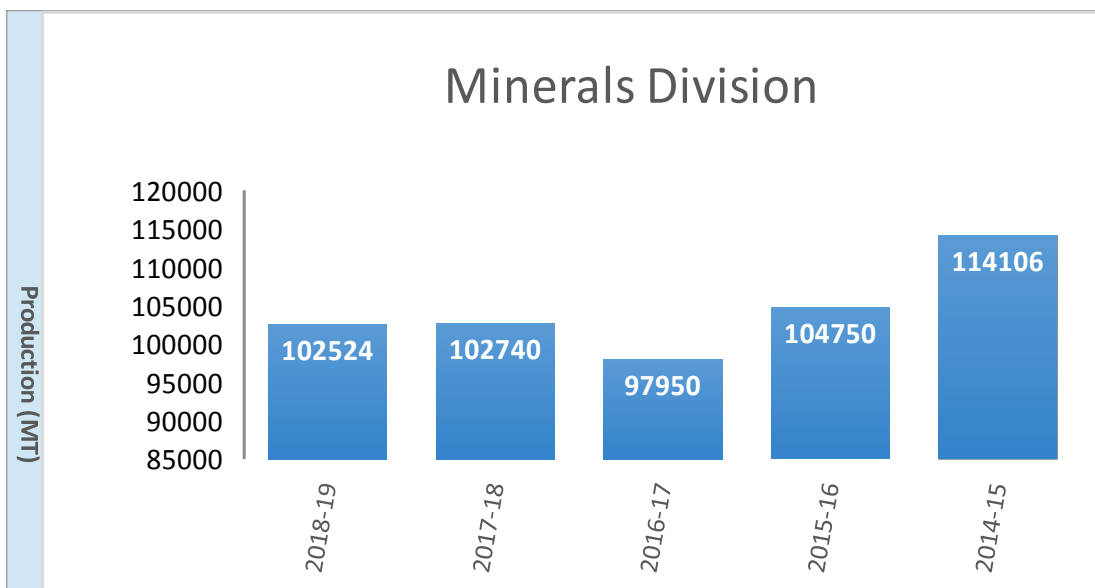
Detergents Division:

The Company is the third largest manufacturer of detergents for M/s. Hindustan Unilever Limited. The Production during the FY 2018-19 increased by 25.78% over previous year.



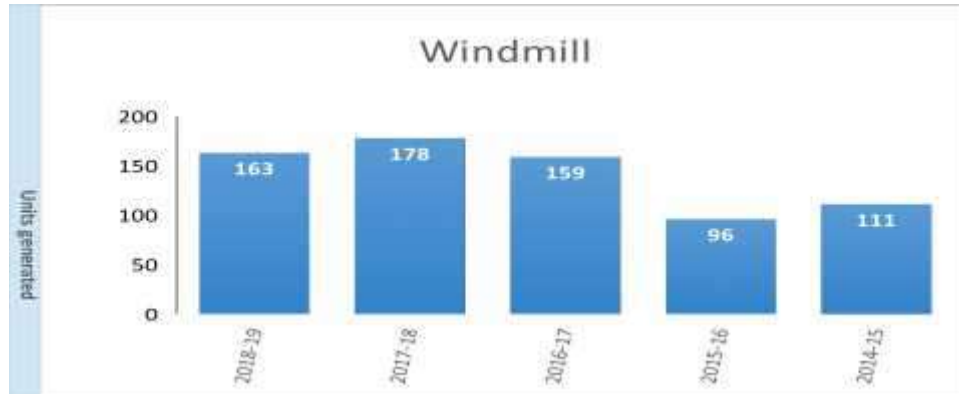
Minerals Division:

This division recorded a marginal decrease in volume of product by 0.21% in the year under review as compared to the earlier year.



Energy:

Presently, the Energy division has 12 windmills. This division has generated 163 Lakhs units in the year 2018-19 as compared to 178 Lakhs units in the earlier year.



Risk Management:

The focus of risk management is to assess risks and deploy mitigation process. The Audit Committee and the Board periodically reviews the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework. Your Company has identified the following risks.

| Key Risk | Impact to Naga Limited | Mitigation Plan |
|---|---|---|
| Commodity Price risk | The prices of raw materials used in the Food division depends upon various factors like weather, market fluctuations, effects of government policies on agricultural programs etc. | While many factors are responsible for raw material prices, it is significant to note that materials are available in plenty from different sources to enable the Company source it without much difficulties. |
| Competition Price risk | Intense competition is faced for selling our products in the major markets. Competition is severe with well-advertised, well known, branded including private branded and customized products. | The products of your company are well known brands of the customers with better quality, best prices and with an efficient customer service. Hence your company is able to perform better despite the competition and threat. |
| Socio economic risk | Customers shifting to more generic, low priced and publicity oriented products. This may lead to reduction in sales and shifting of production and sales to lower margin products there by affecting the results. | Our primary production and sales largely comprises of catering to specific customers based on their preferences and matching our supplies to the specific demands of those customers. |
| Interest Rate risk | Your company's level of debt poses vulnerability to economic and industry conditions thereby becoming uncompetitive. | We ensure budgeted targets of production, sales and profits to mitigate the vulnerability of this particular risk. |
| Compliance risk- Increasing regulatory requirements | The facilities and products of your company are subject to various statutory laws and compliances to safety, quality, sanitation, health and environmental laws. | From the very beginning we scrupulously follow all rules, regulations, laws and stipulations to remain safe on all the statutory norms. Our continuous compliance with all laws helps us risk free enabling us concentrate on business. |

Internal Control System and their adequacy:

The company maintains all the records in ERP System developed exclusively for your Company and the work flow and majority approvals are routed through this system. The Company has laid down adequate systems and well-drawn procedures for ensuring internal financial controls. It has appointed an external Chartered Accountant as Internal Auditor for periodically checking and monitoring the internal control measures. Internal Auditor is present at the Audit committee meetings where internal audit reports are discussed alongside of Managements comments and final observation of the Internal Auditor. The Board of Directors have adopted various policies like Related Party Transaction Policy and Whistle Blower Policy and put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the Company, 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. The Statutory Auditors have also expressed satisfaction with the existing system in their audit report to Shareholders.

Material developments in Human Resources / Industrial Relations front, including number of people employed :

Relations between the Management and the labour were cordial throughout the year under review. Currently, the Company employs 2000 persons of all ranks in its all Units.

Place : Dindigul

Date : 23rd May, 2019

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

**K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589**

ANNEXURE - B TO THE DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE

The Principles of Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied with in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalizing the Code of Corporate Governance.

This Report is furnished in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Auditors' certificate on Corporate Governance, as prescribed is also attached. Further this Report also discloses relevant information in terms Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to Shareholders.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance has several claimants, viz Shareholders and other Stakeholders which include Suppliers, Customers, Creditors, Bankers, Employees of the Company, the Government and the Society at large. The three key aspects of Corporate Governance are accountability, transparency and equality of treatment for all Stakeholders. The fundamental objective of Corporate Governance is the "enhancement of Shareholder value, keeping in view the interest of other Stakeholders". In the above context, the Company's philosophy on Corporate Governance is

- To have systems in place which will allow sufficient freedom to the Board of Directors and Management to take decision towards the progress of the Company and to innovate while remaining within a framework of effective accountability.
- To provide transparent corporate disclosures and adopt high quality accounting practices.
- Timely and proper determination of material price sensitive information and ensure insiders do not transact in securities of the Company till such information is made public.
- To adopt good Corporate Governance Policies that will constitute to the efficiency of the enterprise, creation of wealth for the Shareholders and Country's economy.

A. BOARD OF DIRECTORS

i) Board Composition:

a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management and Finance.

b) As on 31st March, 2019, the Board consists of 8 Directors. All except, the Chairman and Managing Director, Joint Managing Director, Whole Time Director and Technical Director are Non-Executive Directors and thus constitute one half of the total number of Directors. The Board also consists of a Woman Director who is the Executive Director.

c) The Chairman and Managing Director is not liable to retire by rotation. All the other Non-Independent Directors retire by rotation and in the normal course seek reappointment at the Annual General Meeting. Brief resume of the Directors seeking appointment/ reappointment is given in the Notice of the Annual General Meeting (AGM).

d) No Director holds membership of more than 10 Committees of the Board nor is Chairman of more than 5 such Committees, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of Schedule V(C)(2)(e) of the Companies Act, 2013 and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that Sri.K.S. Kamalakannan, Smt. Mageswari Kannan, Sri. Sounder Kannan and Sri. D. Vijay Anand are related to each other. The age of every Director including Independent Director is above 21 Years.

The Composition of the Board of Directors, shareholding and other details are furnished hereunder:

| S.No. | Name of the Directors | Number of Shares held | Executive/ Non-Executive | Promoter/Independent |
|-------|------------------------|-----------------------|--------------------------|----------------------|
| 1. | Sri. K.S. Kamalakannan | 6070570 | Executive Director | Promoter |
| 2. | Smt. Mageswari Kannan | 1855220 | Executive Director | Promoter |
| 3. | Sri. Sounder Kannan | 817855 | Executive Director | Promoter |
| 4. | Sri. D. Vijay Anand | Nil | Executive Director | Promoter |
| 5. | Sri. L.A. Irudayaraj | 400 | Non Executive Director | Independent Director |
| 6. | Sri. S. Ramesh | Nil | Non Executive Director | Independent Director |
| 7. | Dr. K. Venkatachalam | Nil | Non Executive Director | Independent Director |
| 8. | Sri. S. Neelakantan | Nil | Non Executive Director | Independent Director |

ii) Independent Directors:

a) The Chairman and Managing Director, Joint Managing Director, Whole-Time Director and Technical Director are Executives and fall under Promoter category. The number of Independent Directors is one half of the total strength. Any reduction in the strength of Independent Directors will be filled within 3 months for ensuring minimum stipulated strength of Independent Directors in the Board.

b) Independent Directors are appointed for a tenure of 5 years taking into account the transitory provision under Section 149(11) of the Act. They would be eligible for one more term on passing a Special Resolution by Members. No Independent Director of the Company serves in more than seven Listed Companies as Independent Director.

c) Independent Directors have been issued Letter of Appointment and terms thereof have been posted on the Company's website: www.nagamills.com.

d) Pursuant to provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company at its 23rd Annual General Meeting appointed two Independent Directors viz, Sri. L.A. Irudayaraj and Sri. S. Ramesh to hold office from 01.08.2014 until the conclusion of 28th Annual General Meeting or 30.09.2019 whichever is earlier. Both the Directors will be retiring at the closure of the 28th Annual General Meeting. Both the Directors are entitled for a second term up to 5 years upon passing of a Special Resolution. The Board of Directors at the meeting held on 23rd May, 2019, based on the performance evaluation, and the recommendation of Nomination and Remuneration Committee formed the opinion that Sri. L.A. Irudayaraj and Sri.S.Ramesh continue to be persons of integrity and possesses relevant expertise and experience and hence could be reappointed as Independent Directors of the Company. The Board thereupon decided to reappoint them for a second term as Independent Directors not liable to retire by rotation, subject to approval of Shareholders of the Company by a Special Resolution. Accordingly the above reappointments are being placed at the ensuing 28th Annual General Meeting before the Shareholders for their approval.

e) The Company has formulated a familiarisation programme for Independent Directors with the objective of making them familiar with their role, responsibilities, rights, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the Company's website: www.nagamills.com.

f) All the Independent Directors have given the declaration pursuant to Section 149(7) of the Act, affirming that they meet the criteria of independence as provided in Sub-section (6).

g) In the opinion of the Board all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Companies Act, 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

h) Attendance of each Director at the Board Meetings held during the financial year 2018-19 and the last Annual General Meeting is furnished hereunder:

| S.No. | Name of the Directors | Board Meeting | | Last AGM held on September 28, 2018 | |
|-------|------------------------|---------------|----------|-------------------------------------|--------------|
| | | Held | Attended | Attended | Not Attended |
| 1. | Sri. K.S. Kamalakannan | 5 | 5 | Yes | - |
| 2. | Smt. Mageswari Kannan | 5 | 5 | Yes | - |
| 3. | Sri. Sounder Kannan | 5 | 3 | Yes | - |
| 4. | Sri. D. Vijay Anand | 5 | 3 | Yes | - |
| 5. | Sri. L.A. Irudayaraj | 5 | 5 | Yes | - |
| 6. | Sri. S. Ramesh | 5 | 5 | Yes | - |
| 7. | Dr. K. Venkatachalam | 5 | 5 | Yes | - |
| 8. | Sri. S. Neelakantan | 5 | 2 | Yes | - |

(i) Number of other Company Boards or Board Committees in which each of the Directors of the Company is a Member or Chairperson as on 31st March, 2019 is furnished below:

| Name of the Director | Relationship with each other | Category | Number of Directorship in Other Public Companies | | Number of Committee positions held in other Public Companies | | Directorship in other listed entity (Category of Directorship) |
|--|---|----------------------|--|--------|--|--------|--|
| | | | Chairman | Member | Chairman | Member | |
| Sri. K.S. Kamalakannan DIN 01601589 | Husband of Smt. Mageswari Kannan, Father of Sri. Sounder Kannan, Father-in-law of Sri. D. Vijay Anand | Promoter - Executive | NIL | 2 | NIL | NIL | - |
| Smt. Mageswari Kannan DIN 02107556 | Wife of Sri. K.S. Kamalakannan, Mother of Sri. Sounder Kannan, Mother-in-Law of Sri. D. Vijay Anand | Promoter - Executive | NIL | 2 | NIL | NIL | - |

| | | | | | | | |
|---|---|---------------------------|-----|-----|-----|-----|---|
| Sri. Sounder Kannan DIN 01603823 | Son of Sri. K.S. Kamalakannan & Smt. Mageswari Kannan, Brother-in-law of Sri. D. Vijay Anand | Promoter - Executive | NIL | 1 | NIL | NIL | - |
| Sri. D. Vijay Anand DIN 07400565 | Son-in-law of Sri. K.S. Kamalakannan & Smt. Mageswari Kannan, Brother-in-law of Sri. Sounder Kannan | Promoter - Executive | NIL | NIL | NIL | NIL | - |
| Sri. L.A. Irudayaraj DIN 01973946 | - | Independent Non-Executive | NIL | NIL | NIL | NIL | - |
| Sri. S. Ramesh DIN 01620265 | - | Independent Non-Executive | NIL | NIL | NIL | NIL | - |
| Dr. K. Venkatachalam Director in DIN 01062171 | - | Independent Non-Executive | NIL | 1 | 1 | 3 | Independent Director in Ambika Cotton Mills Limited |
| Sri. S. Neelakantan DIN 01474064 | - | Independent Non-Executive | NIL | NIL | NIL | NIL | - |

(a) Core skills/expertise/competence of Directors:

The Company operates mainly in Foods business along with Minerals, Detergents, Power Generation, Service and Logistics. The core skills/expertise/competencies as identified by the Board as required in the context of its business and its operations are:

1. Hands on experience in operating and managing manufacturing business.
2. Expertise in finance, including treasury and foreign exchange.
3. Expertise in overall management and administration.
4. Exposure to global trade and practices.
5. Commitment to comply with legal and regulatory norms.
6. Social and environment consciousness.

The Board is satisfied that its Directors possess requisite skills for the effective functioning of the Company.

(b) Orientation of newly elected Directors and updation strategy:

The Company makes a presentation on the functioning of the Company to the newly elected Directors. Quarterly reports of the various Divisions of the Company are circulated to the Directors to familiarize the functioning and for updating the latest situation. Any new change or extraordinary happenings are intimated to the Directors then and there. Division Heads present at the Audit Committee meetings and makes a presentation of the quarterly performance along with explanations.

B. BOARD PROCESS

i) Board Meetings:

The Board Meeting dates are tentatively fixed before the start of the year. Audit Committee and Board Meetings are convened on the same day to obviate avoidable travel and recognising the time constraints of the Independent Directors.

Notice for Board Meetings is issued normally three weeks in advance. Detailed Agenda papers are circulated one week in advance.

During the financial year 2018-19, Five Board Meetings were held on May 25, 2018, May 30, 2018, August 13, 2018, November 14, 2018 and February 13, 2019. The Annual General Meeting was held on September 28, 2018. Interval between any two Board Meetings was not more than 120 days. No Board Meetings were conducted through video conferencing or other audio visual means.

ii) Board Proceedings:

Board Meetings are governed by structured Agenda containing comprehensive information and extensive details that are circulated well in advance. Urgent issues and procedural matters are at times tabled at the meeting with prior approval of Chairman and consent of all present. Power Point presentation is made to facilitate pointed attention and purposeful deliberations at the meetings.

The Board periodically reviews Compliance reports of all laws applicable to the Company and takes proactive steps to guide against the slippages and take remedial measures as appropriate. The Board is apprised of risk assessment and minimisation procedures that are periodically reviewed. The Board is committed to discharge all key functions and responsibilities as spelt out in the Companies Act, 2013, extant SEBI Regulations and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The governance process includes effective post meeting follow up and reporting process for decisions taken pending approval of Board.

iii) Board Minutes:

Draft Board Minutes prepared by the Company Secretary are placed at the Meeting and updated for changes based on discussions thereat. After approval by Chairman, these are placed at the succeeding meeting for confirmation and record.

C. BOARD COMMITTEES

i) Audit Committee:

The Board has constituted an Audit Committee comprising three Non-Executive Independent Directors and the Joint Managing Director of the Company, with more than two-third being independent. The Chairman of the Audit Committee is an Independent Director and was present at the Annual General Meeting of the Company. It meets at regular intervals not exceeding 120 days between any two consecutive meetings and subject to a minimum of 4 meetings in a year. Division Heads are present as invitees while CFO, Statutory Auditors and Internal Auditor are also present in most meetings.

The Audit Committee conforms to Section 177 of the Act and extant SEBI guidelines in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approval of related party transactions and accounting treatment for major items. Appointments of Statutory Auditors, Cost Auditor, GST Auditors, Secretarial Auditors and Internal Auditor are done on recommendation of the Audit Committee.

During the year, the Audit Committee met Five times on May 25, 2018, May 30, 2018, August 13, 2018, November 14, 2018 and February 13, 2019.

Its composition and attendance during 2018-19 is given hereunder:

| S. No. | Name of the Directors | Position | Category | Attendance |
|--------|-----------------------|----------|------------------------------------|------------|
| 1 | Sri. L.A. Irudayaraj | Chairman | Non Executive Independent Director | 5 out of 5 |
| 2 | Sri. S. Ramesh | Member | Non Executive Independent Director | 5 out of 5 |
| 3 | Dr. K. Venkatachalam | Member | Non Executive Independent Director | 5 out of 5 |
| 4 | Smt. Mageswari Kannan | Member | Executive Promoter Director | 5 out of 5 |

Members of the Audit Committee have requisite financial and management expertise. Sri. V. Marikannan, Company Secretary acts as the Secretary to the Committee.

ii) Nomination and Remuneration Committee:

The Board of Directors has constituted a Nomination and Remuneration Committee of the Board comprising of three Independent Directors.

The powers, role and terms of reference of the Committee cover the areas as contemplated under Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, besides other terms as may be referred by the Board of Directors.

The role includes:

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director;
- Recommending to the Board a remuneration policy for Directors, Key Managerial Personnel and Senior Management;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee met two times during the year on May 25, 2018 and February 13, 2019.

Its composition and attendance during 2018-19 is given hereunder:

| S. No. | Name of the Directors | Position | Category | Attendance |
|--------|-----------------------|----------|------------------------------------|------------|
| 1 | Sri. L.A. Irudayaraj | Chairman | Non Executive Independent Director | 2 out of 2 |
| 2 | Sri. S. Ramesh | Member | Non Executive Independent Director | 2 out of 2 |
| 3 | Dr. K. Venkatachalam | Member | Non Executive Independent Director | 2 out of 2 |

iii) Stakeholders Relationship Committee:

The Board has constituted a Stakeholders Relationship Committee. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI Regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar and Share Transfer Agents and devises measures for overall improvement in quality of investor services.

The Committee currently comprises of 3 Directors, out of which one is Non-Executive Independent Director who also heads the Committee. The Committee met two times in the year 2018-19 on January 10, 2019 and February 13, 2019.

Its composition and attendance during 2018-19 is given hereunder:

| S. No. | Name of the Directors | Position | Category | Attendance |
|--------|-----------------------|----------|------------------------------------|------------|
| 1 | Sri. S. Ramesh | Chairman | Non Executive Independent Director | 2 out of 2 |
| 2 | Smt. Mageswari Kannan | Member | Executive Promoter Director | 2 out of 2 |
| 3 | Sri. Sounder Kannan | Member | Executive Promoter Director | 2 out of 2 |

Status of investor's complaints is shown in the Shareholder information section of this report. Pursuant to Regulation 13(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, quarterly reports on the compliance of investor grievances are filed with the Stock Exchanges. Half-yearly compliance certificate signed by both the Company and the Share Transfer Agent are filed within one month in reference to Regulation 7 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name, designation and address of Compliance Officer: Sri. V. Marikannan, Company Secretary, Naga Limited, No.1, Anna Pillai Street, Chennai - 600001, Telephone: 91 44 25363535, Mobile: 07708111315 & email id: marikannanv@nagamills.com.

A summary of various complaints received and cleared by the Company during the FY 2018-19 is given below:

| Nature of Complaint | Received | Cleared |
|-----------------------------------|----------|---------|
| Non-receipt of Dividend Warrant | 3 | 3 |
| Non-receipt of Share Certificates | 0 | 0 |
| Miscellaneous | 0 | 0 |

Normally all complaints / queries are disposed off expeditiously. The Company had no complaint pending at the close of the financial year.

iv) Corporate Social Responsibility (CSR) Committee:

The Company has constituted a Corporate Social Responsibility Committee as mandated by Section 135 of the Act. The policy on CSR formulated by the Company is uploaded on the website of the Company: www.nagamills.com. The Committee has met four times in the year 2018-19 on May 25, 2018, August 13, 2018, November 14, 2018 and February 13, 2019.

Its composition and attendance during 2018-19 is given hereunder:

| S. No. | Name of the Directors | Position | Category | Attendance |
|--------|-----------------------|----------|------------------------------------|------------|
| 1 | Dr. K. Venkatachalam | Chairman | Non Executive Independent Director | 4 out of 4 |
| 2 | Smt. Mageswari Kannan | Member | Executive Promoter Director | 4 out of 4 |
| 3 | Sri. Sounder Kannan | Member | Executive Promoter Director | 3 out of 4 |

v) Other Committees:

The Board has constituted a Finance Committee to facilitate quick action in relation to borrowal of money (otherwise than by issue of derivatives) and investments to be made by the Company within limits approved by the Board and take necessary actions in this connection including refinancing for optimising the borrowing costs. This Committee meets as and when need arises to consider any matter referred to it.

The Committee met 10 times during the year 2018-19 on April 20, 2018, May 19, 2018, June 15, 2018, July 16, 2018, August 27, 2018, September 12, 2018, November 2, 2018, December 20, 2018, February 21, 2019, and March 18, 2019.

Its composition and attendance during 2018-19 is given hereunder:

| S. No. | Name of the Directors | Position | Category | Attendance |
|--------|------------------------|----------|-----------------------------|--------------|
| 1 | Sri. K.S. Kamalakannan | Chairman | Executive Promoter Director | 10 out of 10 |
| 2 | Smt. Mageswari Kannan | Member | Executive Promoter Director | 10 out of 10 |
| 3 | Sri. Sounder Kannan | Member | Executive Promoter Director | 10 out of 10 |

vi) Committee Minutes:

Minutes of all the Committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for confirmation and then circulated to the Board in the Agenda for being recorded thereat.

vii) Circular Resolution:

Recourse to Circular Resolution is made in exceptional and emergent cases that are recorded at the succeeding Board/ Committee Meetings. Circular resolution passed during the year is provided below:

| S. No. | Date of Circulation | Item | Approval | Recording in the Board Committee Meeting |
|--------|---------------------|--|------------|--|
| 1 | 23-11-2018 | To consider and recommend to the Board of Directors to contribute to Tamil Nadu Chief Minister's Public Relief Fund | 3 out of 3 | CSR Meeting dt. 13.02.2019 |
| 2 | 23-11-2018 | To consider the recommendation of CSR Committee and contribute to Tamil Nadu Chief Minister's Public Relief Fund | 8 out of 8 | Board Meeting dt. 13.02.2019 |

D. GOVERNANCE PROCESS AND POLICIES

i) Policy on Directors' Appointment and Remuneration:

The Board on the recommendations of the Nomination and Remuneration Committee has approved a Nomination and Remuneration policy which is uploaded in the Company's website: www.nagamills.com. It, inter alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration. This policy is accordingly derived from the said Chapter.

1. Criteria for selection of Non-Executive Directors:

- a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director.
- b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.
- c) In case of appointment of Independent Directors, the Committee will satisfy itself with regard to the independent nature of the Directors vis-a-vis the Company, confirming in entirety to the conditions specified under Section 149 of the Companies Act, 2013, read with Schedule IV thereto and the Rules made thereunder and the Listing Agreement.
- d) The Committee will ensure that the candidate identified for appointment as a Director is not disqualified in any manner under Section 164 of the Companies Act, 2013.
- e) In the case of re-appointment of Non-Independent Director, the Board will take into consideration the performance evaluation of the Director and his/ her engagement level.

2. Remuneration policy:

The Remuneration policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the Company, its nature of business and considered appropriate to the respective role and responsibilities of the employee concerned.

The Remuneration policy seeks to ensure that performance is recognised and achievements rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

The policy recognises the inherent constraint in relating remuneration to individual performance and fixing a meaningful benchmark for variable pay due to the nature of the industry. Employee compensation is not allowed to get significantly impacted by external adversities that are admittedly beyond their realm of control.

3. Remuneration of Directors and Key Managerial Personnel (KMPs):

The Nomination and Remuneration Committee recommends the remuneration of Directors and KMPs which is approved by the Board of Directors and where necessary, further approved by the Shareholders through ordinary or special resolution, as applicable. Remuneration comprises of both fixed and variable pay. However, the share of variable pay is so devised as to factor in the volatile changes in profit levels inherent to the nature of industry in which the Company operates.

The Chairman and Managing Director, Joint Managing Director, Whole-Time Director and Technical Director are the only Executive Directors entitled for managerial remuneration. Their remuneration for the financial year 2018-19 is disclosed under Note No. 44 of the Standalone Financial Statements.

Certain relatives of the Executive Directors are working as employees in the Company. This has been specifically disclosed in the Financial Statements 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. Other than sitting fees and direct equity holding, there is no pecuniary relationship or transaction between the Company and its Non-Executive Directors. No stock option has been issued by the Company to Executive Directors.

Non-Whole Time Directors are paid sitting fees for attending the Board and Committee Meetings in accordance with the Articles of Association of the Company.

4. (i) Remuneration of Non-Executive Directors for 2018-19:

| S. No. | Name of the Non-Executive Director | Sitting Fees Paid |
|--------|------------------------------------|-------------------|
| 1 | Sri. L.A. Irudayaraj | Rs. 75,000/- |
| 2 | Sri. S. Ramesh | Rs. 90,000/- |
| 3 | Dr. K. Venkatachalam | Rs. 75,000/- |
| 4 | Sri. S. Neelakantan | Rs. 30,000/- |

(ii) Performance Evaluation:

The Board of Directors, on the recommendations of the Nomination and Remuneration Committee, approved the Board Evaluation Framework. It has laid down specific criteria for performance evaluation covering:

- Evaluation of Board Process
- Evaluation of Committees
- Individual evaluation of Board Members and the Chairperson
- Individual evaluation of Independent Directors.

Pursuant to the Guidance Note on Board Evaluation issued by SEBI in January 2017 to improve the evaluation process by listed entities, the Board of Directors at their meeting held on 13th February 2019 based on the recommendation of the Nomination and Remuneration Committee approved the criteria for performance evaluation for Independent Directors, Non Independent Directors and Board of Directors.

Evaluation of all Board Members is done on an annual basis. Templates incorporating specific attributes are used and commonly agreed comments and remarks are recorded against each attribute.

The Nomination and Remuneration Committee at its 13th February, 2019 meeting evaluated every director's performance that includes the independent and non-independent directors. The Director whose performance is being evaluated did not participate during that part of the meeting. The Committee has expressed overall satisfaction on such evaluation.

The Independent Directors in their exclusive meeting held on February 13, 2019 did the evaluation on the performance of Chairperson, Non-Independent Directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All except one Independent Directors were present at the meeting.

The Board, at its meeting held on 26th March, 2019, evaluated the performance and the functioning of each of the Independent Directors (excluding the Independent Directors being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Companies Act, 2013 that Independent Directors be continued in their respective offices.

(iii) Insider Trading:

The Company had framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This Code was applicable to all Directors and designated employees. It is hereby affirmed that all Directors and designated employees have complied with this Code during the financial year 2018-19 and a confirmation to this effect has been obtained from them.

SEBI, in January 2015, has notified a new set of Regulations, namely SEBI (Prohibition of Insider Trading) Regulations, 2015 that has come into force from 15th May, 2015. In terms of these Regulations, the Company in supersession of the earlier Code formulated the:

1. Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information; and
2. Minimum Standard for Code of Conduct to regulate, monitor and report trading by Insiders.

These have been uploaded in the Company's website and Stock Exchange advised of the same.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed from the end of every quarter till 48 hours after declaration of financial results.

The Company Secretary is designated as the Compliance officer for this purpose. The Audit Committee monitors the adherence to various requirements as set out in the code.

(iv) Code of Conduct:

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its Website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the financial year 2018-19.

Further, the Senior Management Personnel have declared to the Board that no material financial or commercial transactions were entered into by them during the financial year 2018-19 where they have personal interest that may have a potential conflict with the interest of the Company at large.

Declaration signed by CEO affirming the above is attached in Annexure-I.

(v) Related Party Transactions:

The Board has formulated a policy on Related Party Transactions (RPTs). It has also fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material. The policy has been uploaded in the Company's website.

All RPTs during the financial year 2018-19 were on arm's length basis and were in ordinary course of business. They have been disclosed in reference to Accounting Standard 18 in Note No. 44 in the Standalone Financial Statements. None of these transactions are likely to have a conflict with the Company's interest.

All RPTs have the approval of Audit Committee. Prior omnibus approval of the Audit Committee & Shareholders approval are obtained for the transactions that are material and repetitive in nature.

None of the Directors has any pecuniary relationship or transactions other than the remuneration duly disclosed vis-a-vis the Company.

(vi) Risk Management:

The Company has a risk management frame work to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantages. It aims at ensuring that the executive management controls the risk through means of a properly defined frame work.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimisation procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

Key areas of risks identified and mitigation plans are covered in the Management Discussion and Analysis Report. The Company is not currently required to constitute a Risk Management Committee.

(vii) Whistle Blower Policy:

In reference to Section 177 (a) of the Act, read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a vigil mechanism overseen by the Audit Committee. This has been uploaded in the Company's website.

No Complaints under this facility was received in the financial year 2018-19 and no personnel had requested access to the Audit Committee under this policy during 2018-19.

(viii) Anti Sexual Harassment Policy:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received on sexual harassment. All employee (permanent, contractual, temporary, trainees, etc.) are covered under this policy.

No complaints on sexual harassment was received during the financial year 2018-19.

(ix) Document Preservation:

Pursuant to Regulations 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formed a policy for preservation of records. This policy covers all corporate records of the Company whether in paper or digital form and applies to all departments and business functions of the Company. This policy has been uploaded on Company's website.

E. OTHER COMPLIANCES

(i) Management Discussion and Analysis:

Management Discussion and Analysis Report is made in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is attached to the Board's Report forming part of the Annual Report of the Company.

(ii) Quarterly Financial Results:

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendation of the Audit Committee. These are communicated to Stock Exchange by email after the conclusion of the Board Meeting and published in leading dailies, as required within the stipulated time. These are also immediately posted on the Company's website.

(iii) Quarterly Compliance Report:

The Company has submitted for each of the four quarters during the year 2018-19 the Compliance Report on Corporate Governance to Stock Exchange in the prescribed format within 15 days from the close of each quarter.

(iv) Online Filing - SCORES:

SEBI requires all Listed Companies to process investor complaints in a centralised web based complaint system called "SEBI Complaints Redress System (SCORES)". All complaints received from Shareholders of Listed Companies are posted in this system. Listed Companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints on your Company posted at SCORES site.

(v) Reconciliation of Share Capital Audit:

Quarterly Reconciliation of Share Capital Audit Reports, on reconciliation of the total admitted capital with NSDL/CDSL and the total issued and listed capital, were furnished to the Stock Exchange on the following dates:

| For the Quarter Ended | Furnished on |
|-----------------------|--------------|
| 30.06.2018 | 10.07.2018 |
| 30.09.2018 | 29.10.2018 |
| 31.12.2018 | 28.01.2019 |
| 31.03.2019 | 17.04.2019 |

(vi) Accounting Treatment:

In the preparation of financial statements no accounting treatment different from that prescribed in any Accounting Standard has been followed.

(vii) Cost Auditor:

Cost Audit was applicable to one of the Division of your Company for the financial year 2018-19.

(viii) Secretarial Auditor:

Pursuant to Section 204(1) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. GSR & Co, Practicing Company Secretaries (CP No.4966), to undertake the Secretarial Audit of the Company for the Financial year 2018-19. The Secretarial Audit Report was placed before the Board on 23rd May, 2019 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

Secretarial Compliance Certificate:

SEBI vide Circular dated 8th February, 2019 mandated all Listed Companies for filing of Compliance Certificate by a Practicing Company Secretary with Stock Exchange within 60 days from the end of the Financial Year. The Company obtained the certificate from M/s. GSR & Co, Practicing Company Secretaries and the same is filed with Stock Exchange on 30th May, 2019.

Certificate from Practicing Company Secretaries confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board /MCA or any such statutory authority is provided in Annexure -II.

(ix) Internal Auditor:

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed Sri. R. Balakrishnan, B.Com, FCA (M.No.23300), Dindigul, to conduct Internal Audit of the functions and activities of the Company for the financial year 2018-19. The Internal Auditor reports directly to the Chairman and attends all Audit Committee Meetings to provide clarification, if any, that may be required by Directors.

(x) CEO/CFO Certificate:

CEO Certification by Sri. K.S. Kamalakannan, Chairman and Managing Director and CFO Certification by Sri. T. R. Sivaraman, CFO as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were placed before the Board at its meeting on 23rd May, 2019.

(xi) Review of Directors' Responsibility Statement:

The Board in its Report has confirmed that the annual accounts for the year ended 31st March, 2019 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditors' Certificate on Corporate Governance:

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance in reference to Para E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed. Copy of the Certificate is furnished to the Stock Exchange as required.

(xiii) Subsidiary Companies:

M/s. Naga Far East Private Limited, Singapore and M/s. Naga Mills Private Limited, Bangladesh are the wholly owned subsidiary companies of the Company.

(xiv) Deposits:

The Company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

(xv) Peer Review of Auditors:

As per the Listing Agreement, the Limited Review Audit Reports shall be given only by an Auditor who has subjected himself to the Peer Review process and holds a valid Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Statutory Auditors of the Company, M/s. D Sampathkumar & Co., have undergone the Peer Review Process and have been issued requisite certificate that was placed before the Audit Committee.

(xvi) Statutory Audit Fees for year 2018-19:

| S.No | Particulars | Amount (Rs.in Crores) |
|------|----------------------|-----------------------|
| 1 | Statutory Audit Fees | 0.05 |
| 2 | Taxation Matters | 0.01 |
| 3 | Certification Work | 0.01 |

F. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

(i) Shareholders' Rights:

Quarterly Audited Financial Results on the Company's financial performance are posted on the Company's website and advertised in newspapers.

(ii) Abridged Accounts:

Section 136(1) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits circulation of abridged Accounts in lieu of full-fledged Annual Report. The Company, has however not exercised this option and continues to send Annual Report in full form to all Shareholders.

(iii) Green Initiative:

The Company has sought Shareholders' Cooperation to fall in line with the Green Initiatives of the Central Government by way of sending communications in electronic mode.

(iv) Audit Qualifications:

The Company since inception has ensured to remain in the regime of unqualified financial statements. In deference to SEBI's Circular dated 25th May, 2016, Annual Financial Results for the Year 2018-19 are being filed with the Stock Exchange along with the declaration by the Chairman and Managing Director confirming that the Auditor's Report on Annual Financial Results containing unmodified opinion.

G. DISCLOSURES

(i) No Strictures/ penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matters related to the capital market during the last 3 years.

(ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.

(iii) No loan or advance in the nature of loan was made during or outstanding at the close of the year to Associate/ Firms/ Companies in which a Director of the Company is interested. Accordingly no disclosure in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on this score is applicable.

H. MEANS OF COMMUNICATION

Board Meeting/ Financial Results:

The Company publishes Notice of Board Meeting to consider quarterly, half-yearly and annual financial results in “News Today” in English and “Malai Sudar” in Tamil and the quarterly, half-yearly and annual financial results in “ Business Standard” in English and “Malai Sudar” in Tamil.

The results published also show as footnote relevant additional information /disclosures to the Investors.

Financial Results are:

- a) e-mailed to Stock Exchange immediately after the conclusion of the Board Meeting.
- b) posted on the Company’s website: www.nagamills.com.
- c) During the year, no presentation was made to institutional investors or analysts nor any official news release made by the Company. The Company has no agreement with any media company for public dissemination of its corporate information.

Chairman’s Communique:

Chairman’s speech is printed along with Annual Accounts and attached with Report forming part of the printed Annual Accounts.

Website:

The Company maintains a functional website www.nagamills.com that contains relevant information updated in time and complies with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the directions of SEBI, the Company has created an exclusive email ID viz, marikannanv@nagamills.com for redressal of investor grievances.

I. GENERAL SHAREHOLDERS INFORMATION

i) Details of Twenty Eighth Annual General Meeting:

| | |
|-----------------------|--|
| Date and Time | Thursday, the 26 th September, 2019 10.00 A.M. |
| Venue | The Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008. |
| Financial Year | 2018-19 |
| Book Closure dates | Friday the 20 th September, 2019 to Thursday the 26 th September, 2019 (both days inclusive) |
| Dividend | Rs. 0.80 per Equity Share (Proposed) |
| Dividend Payment Date | 30 days from 26 th September, 2019 |

ii) Particulars of past three Annual General Meetings:

| AGM/Year | Venue | Date & Time | Special/Ordinary Resolution Passed | % of Total valid votes cast in favour of the Resolution |
|------------------------|---|----------------------------|---|---|
| 25th AGM 2015-16 | Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008 | 12.09.2016 & 05.00 P.M. | 1. Revision of remuneration to CMD. 2. Revision of remuneration to JMD. 3. Revision of remuneration to WTD. 4. Revision of remuneration to VP, Food Division. 5. Ratification of remuneration paid to CMD. 6. Ratification of remuneration paid to JMD. | 100% 100% 100% 100% 100% 100% |
| EGM 2015-16 | No. 1, Trichy Road, Dindigul - 624 005. | 29.11.2016 & 11.00 A.M. | 1. Increasing borrowing power of the Board of Directors. 2. Approval for material RPT for FY 2016-17. 3. Re-appointment of Independent Director for 2 nd term. | 100% 100% 100% |
| 26th AGM 2016-17 | Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008 | 19.08.2017 & 01.00 P.M. | 1. Re-appointment of CMD. 2. Re-appointment of JMD. 3. Re-appointment of WTD. 4. Revision of remuneration to WTD. | 100% 100% 100% 100% |
| EGM 2017-18 | No. 1, Trichy Road, Dindigul - 624 005. | 23.03.2018 & 10.00 A.M. | 1. Approval for material RPT for FY 2018-19. 2. Revision of remuneration to Smt. Lakshmi Vijayanand, Business Head 3. Revision of remuneration to Smt. Monaa Kannan, Business Head 4. Revision of remuneration to Ms. M. Jayalalitha, Business Head 5. Revision of remuneration to Sri. M. Sukumar, Business Head | 100% 100% 100% 100% 100% |
| 27th AGM 2017-18 | Presidency Club, 51, Ethiraj Salai, Egmore, Chennai-600 008 | 28.09.2018 & 12.10 P.M. | 1. Appointment of Sri. S. Neelakantan 2. Appointment of Sri. D. Vijayanand 3. Remuneration to Cost Auditor 4. Revision of remuneration to JMD. 5. Revision of remuneration to WTD. 6. Revision of remuneration to TD. | 100% 100% 100% 100% 100% 100% |
| EGM 2018-19 | No.1, Trichy Road, Dindigul -624 005. | 26.03.2019 & 11.00 A.M. | 1. Approval for material RPT for FY 2019-20 2. Approval for material RPT with MMD 3. Approval for giving Gurantee to MMD | 100% 100% 100% |

iii) Postal Ballot:

No Special Resolution was required to be passed by postal ballot at the last Annual General Meeting. The Company extended e-voting option to all the Shareholders for the 27th Annual General Meeting, pursuant to Section 110 of the Companies Act, 2013 and Resolutions were passed on that basis.

iv) Financial Calendar for 2019-20 (tentative):

| | | |
|--|---|----------------|
| Audited results for the FY-2018-19 | - | May 2019 |
| First Quarter Results for the FY-2019-20 | - | August 2019 |
| Annual General Meeting | - | September 2019 |
| Second Quarter Results for the FY- 2019-20 | - | November 2019 |
| Third Quarter Results for the FY-2019-20 | - | February 2019 |
| Audited results for the FY-2019-20 | - | May 2020 |

v) Listing in Stock Exchange:

The Company's Equity Shares are listed on the Metropolitan Stock Exchange of India Limited (MSEI), 4th Floor, Vibgyor Towers, Plot No. C - 62, Opp. Trident Hotel, Bandra Kurla Complex, Bandra East, Mumbai - 400 098.

vi) Payment of Annual Listing Fees to the Stock Exchanges:

Listing Fee has been paid to the above Stock Exchange, in which the Company's Equity Shares are listed, up to March 31, 2019.

vii) Stock Code:

Under the demat system, the ISIN allotted to the Company's Equity Shares is **INE327M01014**.

The Company's Stock Code: **NAGA** - Series: **EQ**.

viii) Dematerialisation of Shares:

As on March 31, 2019, 57 Shareholders are holding their shares in Demat form and 1,41,96,170 shares have been dematerialised, representing 99.64% of the total Equity Share Capital.

Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system.

ix) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity:

Nil.

x) Permanent Account Number (PAN) Requirement:

SEBI, vide its Circular dated 27th April 2007, made PAN as the sole identification number of all participants transacting in the securities market irrespective of the amount of such transaction.

SEBI, vide its Circular dated 20th May 2009, made it mandatory to furnish a copy of PAN Card of the transferee to the Company/ RTA for registration of transfer of shares of listed Companies in physical form and off market/ private transactions.

SEBI, by its SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made it mandatory to furnish a copy of PAN Card of the transferor to the Company/ RTA for registration of transfer of shares of Listed Companies in physical form and off market/ private transactions.

SEBI, vide its Circular dated 27th January, 2010 has made it mandatory to furnish a copy of PAN Card for transmission and transposition of shares.

SEBI, vide its Circular dated 20th April, 2018 advised the Listed Companies through RTA to seek PAN/ Bank details of Shareholders holding shares in physical form. Necessary communication in this has already been sent to Shareholders and reminders have also been sent. Shareholders are advised to provide such details without delay.

Investors are advised to take note of the same.

xi) Registrar and Share Transfer Agents both for shares held in physical form and in electronic mode:

M/s. Cameo Corporate Services Ltd.

Subramanian Buildings, No.1, Club House Road, Anna Salai, Chennai - 600 002.

Tel. No.+91 044 2846 0390 (5 lines) Fax: +91 044 2846 0129, email: cameo@cameoindia.com

For all investor queries & grievances : investor@cameoindia.com

For non-receipt of annual reports : agm@cameoindia.com

xii) Credit rating:

During the Financial Year 2018-19, there is no revision in the Credit Ratings assigned to the Company, for both Long Term and Short Term Bank facilities.

India Ratings & Research Private Limited, vide their communication dated April 17, 2019 has reaffirmed the Credit Rating assigned to Long Term bank facilities (IND BBB+ Positive) and Short Term facilities (IND BBB+ Positive/IND A2) of the Company.

xiii) Share Transfer System:

After due deliberations and consideration by Stakeholders Relationship Committee of the Board and consideration by Share Transfer Agents (RTA), share transfers are registered and returned within the statutory time limit, if the documents are clear in all respects.

The Company obtains from a Company Secretary in Practice half yearly Certificate of Compliance with the Share Transfer formalities as required under Regulations 40(9) of the Listing Regulations and files a copy of the said Certificate with Stock Exchange.

There is no pending Share transfer as on 31.03.2019.

Compulsory Demat:

SEBI in June 2018 amended Regulation 40 of the Listing Regulations prohibiting transfer of shares held in physical form with effect from 01.04.2019. Transposition and transmission are exempted from this amendment. Accordingly transfer of physical shares is not feasible from 01.04.2019.

xiv) Transfer of Unclaimed Dividend to IEPF:

Pursuant to Section 124(5) of the Companies Act, 2013 dividend remaining unpaid shall be transferred to Investor Education and Protection Fund (IEPF) of the Central Government. Reminders for unpaid dividend are sent to the Shareholders who have not claimed the dividend as per records every year.

Pursuant to the above, the unpaid/unclaimed dividend for the financial year 2010-11 was transferred on 31.08.2018. The unpaid and unclaimed dividend for the financial year 2011-12 will be transferred during August 2019. Shareholders are, therefore, advised to contact the Company immediately in case of non-receipt or non-encashment of dividend.

xv) Investor Education and Protection Fund (IEPF):

Upon Section 124(5) of the Companies Act, 2013 coming into force, Companies while transferring the dividend remaining unclaimed for a period of more than seven years will also have to transfer the underlying equity shares. Accordingly, the unclaimed dividend for the year 2008-09 to 2010-11 as well as the underlying shares have already been transferred to IEPF. The list of Shareholders whose unclaimed dividend/ underlying shares have been transferred to IEPF is put on the website of the Company. Shareholders may take specific note of the same and claim the said unclaimed dividend and the underlying shares from the IEPF Authority.

Particulars of unclaimed dividend as on 31st March, 2019

| Year | Dividend (Rs. Per share) | Date of Declaration of Dividend | Unclaimed | | Due date for transferring to IEPF |
|--------------------|--------------------------------|---------------------------------------|-----------------|-------------|---|
| | | | No. of warrants | Rs. in Lakh | |
| 2011-12 | 0.60 | 02.08.2012 | 417 | 0.38 | 07.09.2019 |
| 2012-13 | 0.60 | 03.08.2013 | 398 | 0.38 | 08.09.2020 |
| 2013-14 | 0.60 | 01.08.2014 | 247 | 0.26 | 06.09.2021 |
| 2014-15 | 0.80 | 27.07.2015 | 390 | 0.45 | 02.09.2022 |
| 2015-16 Interim | 0.20 | 11.03.2016 | 387 | 0.30 | 17.04.2023 |
| 2015-16 Final | 0.60 | 12.09.2016 | 426 | 0.11 | 19.10.2023 |
| 2016-17 | 0.80 | 19.08.2017 | 431 | 0.44 | 10.11.2024 |
| 2017-18 | 0.80 | 28.09.2018 | 219 | 0.12 | 04.11.2025 |

Disclosure with respect to demat suspense account/unclaimed suspense account as required under Schedule V para F of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| | Particulars | No. of Shareholders | No. of Equity Shares |
|----|---|---------------------|----------------------|
| a) | Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2018. | 4 | 800 equity shares |
| b) | Number of Shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year. | 1 | 100 equity shares |
| c) | Number of Shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year. | 1 | 100 equity shares |
| d) | Number of Shareholders whose shares were transferred from the Unclaimed Suspense Account to Investor Education & Protection Fund Account during the year. | 0 | 0 equity shares |
| e) | Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2019. | 3 | 700 equity shares |

It is hereby confirmed that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

xvi) Market Price Data:

High/Low and volume during each month in the financial year 2018-19 (reported at the MSEI)

| Month | High | Low |
|--------------------------|------|-----|
| April 2018 to March 2019 | 55 | 55 |

xvii) Distribution of shareholding as on March 31, 2019:

| Shares | Shares or Debentures holding | | | |
|--------------------|------------------------------|-------------------|---------------|-------------------|
| | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholding |
| 10 - 5000 | 456 | 95.60 | 84240 | 0.59 |
| 5001 - 10000 | 2 | 0.42 | 13000 | 0.09 |
| 10001 - 20000 | 3 | 0.63 | 47200 | 0.33 |
| 20001 - 30000 | 2 | 0.42 | 52115 | 0.37 |
| 30001 - 40000 | 2 | 0.42 | 72500 | 0.51 |
| 40001 - 50000 | - | - | - | 0 |
| 50001 - 100000 | 1 | 0.21 | 59842 | 0.42 |
| 100001 - and above | 11 | 2.30 | 13919103 | 97.69 |
| Total | 477 | 100.00 | 14248000 | 100.00 |

xviii) Shareholding Pattern:

| S. No. | Category | No. of Shares | % Shares |
|-----------|---------------------------|-----------------|---------------|
| A) | Promoters | | |
| | Individuals & HUF | 8816145 | 61.87 |
| | Corporate Bodies | 1468500 | 10.31 |
| | Directors/ relative | 357690 | 2.51 |
| | (A) | 10642335 | 74.69 |
| B) | Public | | |
| | Central Government - IEPF | 28965 | 0.21 |
| | Corporate Bodies | 2830142 | 19.86 |
| | Clearing Member | 10 | - |
| | Resident Individuals | 746548 | 5.24 |
| | (B) | 3605665 | 25.31 |
| | Total (A+B) | 14248000 | 100.00 |

xix) Top Ten Shareholders :

Please refer Page No. 62 IV(iv) of MGT-9 Extract of Annual Return.

xx) Units & Locations :

- i) No.1, Trichy Road, Dindigul - 624 005.
- ii) No.133, Trichy Road, Dindigul - 624 005.
- iii) No. 3/315, Melakandamangalam Village, Aruppukottai, Virudhunagar - 626 101.
- iv) No.4/213, Padiyur, Puthupatti, Padiyur Post, Vedasandur Taluk, Dindigul - 624 005.
- v) No.9, Trichy Road, Dindigul - 624 005.
- vi) No.1, Oddanchatram Road, Vedasandur - 624 710.
- vii) No.1, Seelapadi Road, Seelapadi Post, Dindigul - 624 005.
- viii) No.1, Chikka Tirupathi Road, Thindlu Village, Sarjapura Hobli, Anekal Taluk, Bangalore, Karnataka - 562 125.
- ix) No.48, Poonamalle Bye Pass Road, Senneerkuppam, Poonamalle, Chennai - 600 056.
- x) Windmills: Coimbatore, Dharapuram, Theni & Tirunelveli.

Address for correspondence

M/s. Cameo Corporate Services Ltd.

Subramanian Buildings, No.1, Club House Road, Anna Salai, Chennai - 600 002.

Tel. No.+91 044 2846 0390 (5 lines) Fax: +91 044 2846 0129, email: cameo@cameoindia.com

For all investor queries & grievances : investor@cameoindia.com

For non-receipt of annual reports : agm@cameoindia.com



Shareholders can also contact the Secretarial Department at the Registered Office of the Company at:

Naga Limited, No.1, Anna Pillai Street, Chennai - 600 001,

Tele: 044-25363535,

email: marikannanv@nagamills.com,

E-mail ID for Investor Grievances: marikannanv@nagamills.com.

Non-compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of Para C to Schedule V of the Listing Regulations

The Company has complied with the requirements to the extent applicable in this regard.

Disclosure of complaints with Corporate Governance requirements specified in Regulations 17 to 27 and Regulations 46(2)(b) to (i) of the Listing Regulations.

The Company has complied with all the requirements in this regard, to the extent applicable.

Place : Dindigul

Date : 23rd May, 2019

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

**K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589**

DECLARATION

(Pursuant to Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

I, K.S.Kamalakaran, Chairman and Managing Director of Naga Limited, hereby declare and confirm that all the members of the Board of Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the financial year 2018-19.

Place : Dindigul

Date : 23rd May, 2019

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

**K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589**



Certificate of Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE MEMBERS OF NAGA LIMITED

We have examined the compliance of conditions of corporate governance by Naga Limited (“the Company”) for the year ended on 31st March, 2019 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchange.

We 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.

Place : Dindigul

Date : 23rd May, 2019

**FOR D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)**

**M.K. Ravindran
(Partner)
M.No :020887**

**ANNEXURE TO REPORT ON CORPORATE GOVERNANCE
CERTIFICATION BY CMD/CEO & CFO TO THE BOARD**

We, K.S. Kamalakannan, Chairman and Managing Director/Chief Executive Officer and T.R.Sivaraman, Chief Financial Officer of Naga Limited certify that:

A. We have reviewed financial statements and the cash flow statements for the year and that to the best of our knowledge and belief.

(i) these statements do not contain any materially untrue statement or omit any material fact or contains statement that might be misleading.

(ii) these statements present a true and fair view of the state of affairs of the Company and of the result of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with existing Accounting Standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit Function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of adequacy and effectiveness. Internal Auditor works with all level of management and Statutory Auditors, and report significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.

D. We have indicated to the Auditors and Audit Committee:

(i) that there are no significant changes in internal control over financial reporting during the year.

(ii) there are no significant changes in accounting policies during the year.

(iii) there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over the financial reporting.

Place : Dindigul
Date : 23rd May, 2019

K.S . KAMALAKANNAN
CEO/CMD

T.R. SIVARAMAN
CFO

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C sub-clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. NAGA LIMITED having CIN: L24246TN1991PLC020409 and having registered office situated at No.1, ANNA PILLAI STREET, CHENNAI - 600 001 (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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on the date of Financial Year ended on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India and/or the Registrar of Companies or Ministry of Corporate Affairs, New Delhi or any such statutory authority.

| S. No. | Name of the Director | Director Identification Number (DIN) | Date of Appointment in the Company | Designation and Remarks, if any |
|--------|------------------------|--------------------------------------|------------------------------------|---------------------------------|
| 1 | Sri. K.S. Kamalakannan | 01601589 | 01.08.1998 | Chairman and Managing Director |
| 2 | Smt. Mageswari Kannan | 02107556 | 01.08.1998 | Joint Managing Director |
| 3 | Sri. Sounder Kannan | 01603823 | 08.03.2006 | Whole Time Director |
| 4 | Sri. D. Vijay Anand | 07400565 | 21.08.2017 | Technical Director |
| 5 | Sri. L.A. Irudayaraj | 01973946 | 06.07.2007 | Independent Director |
| 6 | Sri. S. Ramesh | 01620265 | 08.03.2006 | Independent Director |
| 7 | Dr. K. Venkatachalam | 01062171 | 13.01.2012 | Independent Director |
| 8 | Sri. S. Neelakantan | 01474064 | 21.08.2017 | Independent Director |

It is the responsibility of the management of the Company to ensure the eligibility for the appointments of Directors and their continuance as Directors on the Board. Our responsibility is to express an opinion on the matter and 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 G.S.R. & Co.,
COMPANY SECRETARIES

Place : Dindigul
Date : 23rd May, 2019

(G. SREENIVASA RAO)
(M.No. FCS-5691 & C.P. No. 4966)

ANNEXURE - C TO THE DIRECTORS' REPORT

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

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

I. REGISTRATION AND OTHER DETAILS

- | | | | |
|----|---|---|---|
| 1) | CIN | : | L24246TN1991PLC020409 |
| 2) | Registration Date | : | 01.03.1991 |
| 3) | Name of the Company | : | NAGA LIMITED |
| 4) | Category / Sub Category of the Company | : | Company Limited by Shares / Indian Non-Govt. Company |
| 5) | Address of the Register Office and Contact details | : | No.1, Anna Pillai Street, Chennai - 600 001. Ph : 044-25363535 |
| 6) | Whether listed Company | : | Yes |
| 7) | Name, Address and Contact details of Registrar and Share Transfer Agent, if any | : | M/s. Cameo Corporate Services Ltd., "Subramanian Building" No.1, Club House Road, Chennai - 02. Ph : 044 - 28460390 Fax : 044 - 28460129 E-mail : cameo@cameoindia.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1 | Manufacturing of Wheat Products. | 99611112 | 88.59 % |
| 2 | Manufacturing of high quality Detergents powder and Bar. | 99884260 | 6.31 % |
| 3 | Minerals : Grinding of calcite, dolomite, china clay, feldspar, limestone and other minerals. | 99611991 | 4.13 % |
| 4 | Wind & Solar Power. | 99833243 | 0.97 % |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|--------|---|-----------------------|----------------------------------|------------------|--------------------|
| 1 | Annai Power Private Limited Address : No. 1, Anna Pillai Street, Chennai - 600 001. | U40103TN2003PTC051006 | Associate | 26.00 % | 2(6) |
| 2 | Nagalakshmi Energy Private Limited Address : No. 1, Anna Pillai Street, Chennai - 600 001. | U40105TN2015PTC099932 | Associate | 26.00 % | 2(6) |
| 3 | Naga Far East Private Limited Address : 77, High Street, #03-10, High Street Plaza, Singapore - 179 433. | 201726071D | Subsidiary | 100.00 % | 2(87) |
| 4 | Naga Mills Private Limited Address : Navana Obaid Eternia, 28-29 Kakrail, (Level #12-13), VIP Road, Dhaka-1000, Bangladesh | C-142979/2018 | Subsidiary | 99.72 % | 2(87) |

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category - wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01.04.2018] | | | | No. of Shares held at the end of the year [As on 31.03.2019] | | | | % Change during the year | |
|------------------------------------|--|----------|----------|-------------------|--|----------|----------|-------------------|--------------------------|--|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | | |
| A. Promoters | | | | | | | | | | |
| (1) Indian | | | | | | | | | | |
| (a) Individual / HUF | 8816145 | - | 8816145 | 61.87% | 8816145 | - | 8816145 | 61.87% | - | |
| (b) Central Govt. | - | - | - | - | - | - | - | - | - | |
| (c) State Govt(s). | - | - | - | - | - | - | - | - | - | |
| (d) Body Corp. | 1468500 | - | 1468500 | 10.31% | 1468500 | - | 1468500 | 10.31% | - | |
| (e) Banks / FI | - | - | - | - | - | - | - | - | - | |
| (f) Any Other | 357690 | - | 357690 | 2.51% | 357690 | - | 357690 | 2.51% | - | |
| Total shareholding of promoter (A) | 10642335 | - | 10642335 | 74.69% | 10642335 | - | 10642335 | 74.69% | - | |

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01.04.2018] | | | | No. of Shares held at the end of the year [As on 31.03.2019] | | | | % Change during the year |
|-----------------------------------|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| (a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| (b) Banks / FI | - | - | - | - | - | - | - | - | - |
| (c) Central Govt. | 28610 | - | 28610 | 0.20% | 28965 | - | 28965 | 0.20% | - |
| (d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| (e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| (g) FIIs | - | - | - | - | - | - | - | - | - |
| (h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (g) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1) | 28610 | - | 28610 | 0.20% | 28965 | - | 28965 | 0.20% | - |
| 2. Non - Institutions | | | | | | | | | |
| (a) Body Corporates | | | | | | | | | |
| (i) Indian | 2828732 | - | 2828732 | 19.85% | 2829632 | - | 2829632 | 19.86% | 0.01% |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01.04.2018] | | | | No. of Shares held at the end of the year [As on 31.03.2019] | | | | % Change during the year |
|---|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (b) Individuals | | | | | | | | | |
| (i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh. | 38010 | 53835 | 91845 | 0.65% | 38770 | 51820 | 90590 | 0.64% | (0.01%) |
| (ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh. | 655958 | - | 655958 | 4.60% | 655958 | - | 655958 | 4.60% | - |
| (c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | - | - | - | - | - | - | - |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 10 | - | 10 | 0.0001% | 10 | - | 10 | 0.0001% | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| HUF | 500 | 10 | 510 | 0.004% | 500 | 10 | 510 | 0.004% | - |
| Sub-Total (B)(2) | 3523210 | 53845 | 3577055 | 25.11% | 3524870 | 51830 | 3576700 | 25.11% | - |
| Total Public Shareholding (B=B(1)+B(2)) | 3551820 | 53845 | 3605665 | 25.31% | 3553835 | 51830 | 3605665 | 25.31% | - |

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01.04.2018] | | | | No. of Shares held at the end of the year [As on 31.03.2019] | | | | % Change during the year |
|---|--|----------|----------|-------------------|--|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| C. Shares held by custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 14194155 | 53845 | 14248000 | 100.00% | 14196170 | 51830 | 14248000 | 100.00% | - |

(ii) Shareholding of Promoters

| S. No | Shareholder's Name | Shareholding at the beginning of the year [As on 01.04.2018] | | | Shareholding at the end of the year [As on 31.03.2019] | | | % 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 | |
| 1. | K.S. Kamala kannan | 6070570 | 42.61% | - | 6070570 | 42.61% | - | - |
| 2. | K.S. Kamala kannan (HUF) | 34700 | 0.24% | - | 34700 | 0.24% | - | - |
| 3. | Mageswari Kannan | 1855220 | 13.02% | - | 1855220 | 13.02% | - | - |
| 4. | Sounder Kannan | 817855 | 5.74% | - | 817855 | 5.74% | - | - |
| 5. | Sounder Kannan (HUF) | 37800 | 0.26% | - | 37800 | 0.26% | - | - |
| 6. | M.M. Detergents Company Pvt. Ltd., | 1024000 | 7.19% | - | 1024000 | 7.19% | - | - |
| 7. | Naga Marine Industries Ltd., | 444500 | 3.12% | - | 444500 | 3.12% | - | - |
| 8. | Lakshmi Vijay Anand | 357680 | 2.51% | - | 357680 | 2.51% | - | - |
| 9. | M. Jayalalitha | 10 | - | - | 10 | - | - | - |
| | Total | 10642335 | 74.69% | - | 10642335 | 74.69% | - | - |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S. No. | Particulars | 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 |
| 1 | At the beginning of the year | 10642335 | 74.69% | 10642335 | 74.69% |
| 2 | Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) : | No transaction during the year | | | |
| 3 | At the End of the year | 10642335 | 74.69% | 10642335 | 74.69% |

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

| S. No. | Name of the Shareholders | Shareholding at the beginning of the year as on 01.04.2018 | | Change in Shareholding during the year | | Shareholding at the end of the year as on 31.03.2019 | |
|--------|---------------------------------------|--|----------------------------------|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Lakme Investment and Finance Limited | 1412945 | 9.92% | - | - | 1412945 | 9.92% |
| 2 | Pluris Global Holding (India) Limited | 1410567 | 9.90% | - | - | 1410567 | 9.90% |
| 3 | Manoharan. A | 296068 | 2.08% | - | - | 296068 | 2.08% |
| 4 | Sathiyamoorthy. L | 289540 | 2.03% | - | - | 289540 | 2.03% |
| 5 | Riaz Ahmed Khatri | 23150 | 0.16% | - | - | 23150 | 0.16% |
| 6 | Rabia Ahmed Khatri | 18000 | 0.13% | - | - | 18000 | 0.13% |
| 7 | Mariam Riaz Khatri | 15200 | 0.11% | - | - | 15200 | 0.11% |
| 8 | Santosh Gupta | 14000 | 0.10% | - | - | 14000 | 0.10% |
| 9 | Kamala Kumari Daga | 7000 | 0.05% | - | - | 7000 | 0.05% |
| 10 | M Kanchan Khatod | 6000 | 0.04% | - | - | 6000 | 0.04% |

Note : The above details are as of 31st March, 2019. The Company is listed and 99.64% shareholding is in dematerialized form. The Company has not allotted/transferred or issued any bonus or sweat equity shares during the year.

(v) Shareholding of Directors and Key Managerial Personnel

| S. No. | Name of the Shareholders | Shareholding at the beginning of the year as on 01.04.2018 | | Change in Shareholding during the year | | Shareholding at the end of the year as on 31.03.2019 | |
|--------|--------------------------|--|----------------------------------|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | L.A. Irudayaraj (INED) | 400 | 0.003% | - | - | 400 | 0.003% |
| 2 | V. Marikannan (KMP) | 10 | - | - | - | 10 | - |

Note : There was no change in the shareholding during the year 2018-19.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment
(Rs. in Cr)

| Particulars | Secured Loans excluding deposits | UnSecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 136.62 | 4.83 | - | 141.45 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 136.62 | 4.83 | - | 141.45 |
| Change in Indebtedness during the financial year | | | | |
| . Addition | 29.29 | - | - | 29.29 |
| . Reduction | (19.89) | (4.83) | - | (24.72) |
| . Transfer (Secure to Unsecure) | - | - | - | - |
| Net Change | 9.40 | (4.83) | - | 4.57 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 146.02 | - | - | 146.02 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 146.02 | - | - | 146.02 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Director and / or Manager : (Rs.in Cr)

| S. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | | Total Amount |
|--------|---|----------------------------|-----------------------|---------------------|--------------------|--------------|
| | | K.S. Kamalakanthann, CMD | Mageswari Kannan, JMD | Sounder Kannan, WTD | D. Vijay Anand, TD | |
| 1. | Gross Salary | | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | 0.72 | 0.57 | 0.54 | 0.54 | 2.37 |
| | b) Value of perquisites u/s 17(2) of Income-tax Act, 1961. | - | 0.04 | - | - | 0.04 |
| | c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961. | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission | - | - | - | - | - |
| 5. | Others, specify: Gratuity Fund* & PF | 0.04 | 0.03 | 0.03 | 0.03 | 0.13 |
| | Total (A) | 0.76 | 0.64 | 0.57 | 0.57 | 2.54 |
| | Ceiling as per the Act | | | | | 2.61 |

*Gratuity is provided as per Gratuity Act and not paid / drawn by Managerial Personnel.

B. REMUNERATION TO OTHER DIRECTORS

(Rs. in Lakhs)

| S.No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-------|--|-------------------|-----------------|-------------------|----------------|--------------|
| | | S. Ramesh | L.A.Irudaya Raj | K. Venkata chalam | S. Neelakantan | |
| 1. | Independent Directors | | | | | |
| | Fee for attending board committee meetings | 0.90 | 0.75 | 0.75 | 0.30 | 2.70 |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (1) | 0.90 | 0.75 | 0.75 | 0.30 | 2.70 |
| 2. | Other Non-Executive Directors | | | | | |
| | Fee for attending board committee meetings | - | - | - | - | - |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B) = (1 + 2) | 0.90 | 0.75 | 0.75 | 0.30 | 2.70 |
| | Total Managerial Remuneration | | | | | |
| | Overall Ceiling as per the Act # | | | | | |

#Not applicable since no remuneration has been paid to Independent Directors apart from sitting fees.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs.in Cr)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---------|---|--------------------------|-------------------|-------------------------|--------------|
| | | C.E.O | Company Secretary | Chief Financial Officer | |
| 1. | Gross Salary | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | - | 0.10 | 0.15 | 0.25 |
| | 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. | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| 5. | - Others, specify : | - | - | - | - |
| | Total | | 0.10 | 0.15 | 0.25 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

| 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) |
|---|------------------------------|--|---|------------------------------|------------------------------------|
| A. COMPANY, | | | | | |
| B. DIRECTORS - CMD, JMD & WTD | | | | | |
| C. OTHER OFFICERS IN DEFAULT : Company Secretary | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | Sec. 198 of CA 1956 | Payment of remuneration to Managing Directors not placed in AGM for members approval on 02.08.2012 | Naga Ltd - Rs. 15,000/- CMD - Rs. 15,000/- JMD - Rs. 15,000/- WTD - Rs. 15,000/- | RD | |
| Compounding | Sec. 224 of CA 1956 | Remuneration to Auditors for the F.Y. 2012-13 and 2013-14 was not fixed in the Board meeting | Naga Ltd - Rs. 10,000/- CMD - Rs. 10,000/- JMD - Rs. 10,000/- WTD - Rs. 10,000/- CS - Rs. 5,000/- | RD | |

| | | | | | |
|-------------|-------------------------------|--|--|------|--|
| Compounding | Sec. 297 of the CA, 1956 | The Company has entered into Related Party Transactions during the F.Y.2012-13, 2013-14 without obtaining approval of Central Government u/s 297 | Naga Ltd - Rs. 90,000/- CMD - Rs. 90,000/- JMD - Rs. 90,000/- WTD - Rs. 90,000/- CS - Rs. 40,000/- | RD | |
| Compounding | Sec 211 129 of CA 1956/2013 | Related party transaction entered by the Company during the F.Y. 2012-13, 2013-14 and 2014-15 not disclosed in the financial statement as per AS-18 para 26 read with explanation Related party transaction- more than 10% to be shown with their name | CMD - Rs. 1,20,000/- JMD - Rs. 1,00,000/- | NCLT | |
| Compounding | 136(1) of CA 2013 | The Boards' Report for the F.Y. 2014-15 did not give median particulars as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 | Naga Ltd - Rs. 25,000/- CMD - Rs. 5,000/- JMD - Rs. 5,000/- CS - Rs. 5,000/- | ROC | |
| Compounding | Sec 211 / 129 of CA 1956/2013 | Non disclosure of gratuity and terminal benefits particulars in Financial Statement for 2012-13, 2013-14 & 2014-15 | CMD - Rs. 70,000/- JMD - Rs. 70,000/- | RD | |

Place : Dindigul
Date : 23rd May, 2019

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

ANNEXURE - D TO THE DIRECTORS' REPORT

FORM NO. AOC - 2

[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 for disclosure of particulars of contracts / arrangements entered into by the Company with the 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 contracts or arrangements or transactions at Arm's length basis:

| S.No. | Particulars | Details | |
|--------------|--|--|--|
| a) | Name(s) of the related party | M.M.Detergents Company Pvt. Ltd., | Annai Power Private Limited |
| b) | Nature of relationship | Two of the Directors of the Company are interested | Three of the Directors of the Company are interested |
| c) | Nature of contracts / arrangements / transactions | By Agreement | By Agreement |
| d) | Duration of contracts / arrangements / transactions | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 |
| e) | Salient terms of contracts or arrangements or transactions Including the value, if any | 1. Purchase of Wheat by Naga Ltd., Rs. 172.20 Cr. 2. Sale of Wheat by Naga Ltd., Rs. 0.83 Cr. 3. Conversion charges paid by M.M Detergents Company Pvt. Ltd., to Naga Ltd., Rs. 0.07 Cr. 4. Hiring of CAT by Naga Ltd., Rs. 0.04 Cr. 5. Lease of Godown by Naga Ltd., Rs. 0.25 Cr. 6. Purchase of Excavator by Naga Ltd., Rs. 0.12 Cr. 7. Purchase of Caterpillar by Naga Ltd., Rs. 0.20 Cr. | 1. Purchase of Windmill Energy Rs. 2.54 Cr. 2. Lease of Wheat Flour Milling Unit to Naga Ltd Rs. 2.40 Cr. |
| f) | Justification for entering into such contracts or arrangements or transactions | In the ordinary course of business | In the ordinary course of business |
| g) | Date of approval by the Board and Shareholders | BM 14.02.2018 & 13.02.2019 EGM 23.03.2018 & 26.03.2019 | BM 14.02.2018 |
| h) | Amount paid as advances, if any, | Nil | Nil |

| S.No | Particulars | Details | | | |
|------|--|--|--|--|---|
| a) | Name(s) of the related party | Naga Marine Industries Limited | Naga Mills Limited | Nagalakshmi Energy Private Limited | Mrs. Andal Gopinath |
| b) | Nature of relationship | Two of the Directors of the Company are interested | Three of the Directors of the Company are interested | Three of the Directors of the Company are interested | One of the Director of the Company are interested |
| c) | Nature of contracts / arrangements / transactions | By Agreement | By Agreement | By Agreement | By Agreement |
| d) | Duration of contracts / arrangements / transactions | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 |
| e) | Salient terms of contracts or arrangements or transactions Including the value, if any | Lease of Godown to Naga Ltd., Rs. 0.14 Cr. | Lease of office from Naga Ltd., Rs. 0.003 Cr. | 1. Purchase of Windmill Energy by Naga Ltd., Rs. 1.44 Cr. 2. Rent paid for Motor Vehicle, Rs. 0.20 Cr | Commission payment by Naga Ltd., Rs. 0.06 Cr. |
| f) | Justification for entering into such contracts or arrangements or transactions | In the ordinary course of business | In the ordinary course of business | In the ordinary course of business | In the ordinary course of business |
| g) | Date of approval by the Board / Shareholders | BM 14.02.2018 EGM 23.03.2018 | BM 14.02.2018 | BM 14.02.2018 | BM 14.02.2018 |
| h) | Amount paid as advances, if any, | Nil | Nil | Nil | Nil |

| S.No | Particulars | Details | | | | |
|------|--|--|---|---|---|--|
| a) | Name(s) of the related party | K.S. Kamalakannan | Mageswari Kannan | Sounder Kannan | Vijay Anand | A.M. Gopinath (Prop. of Anugraha International) |
| b) | Nature of relationship | Director | Director | Director | Director | One Director of the Company is interested |
| c) | Nature of contracts / arrangements / transaction | By Agreement | By Agreement | By Agreement | By Agreement | By Agreement |
| d) | Duration of the contracts / arrangements / transaction | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 |
| e) | Salient terms of the contracts or arrangements or transactions | 1. Remuneration paid by Naga Ltd., Rs.0.72 Cr. 2. Provision for Gratuity * Rs.0.03 Cr. 3. Lease of Godown to Naga Ltd., Rs. 0.69 Cr. 4. Lease of Office to Naga Limited Rs. 0.004 Cr. 5. Unsecured Loan received by Naga Ltd., Rs.5.42 Cr. 6. Interest payment for unsecured loan given to Naga Ltd., Rs. 0.19 Cr. 7. Dividend Paid by Naga Ltd., Rs. 0.49 Cr. | 1. Remuneration paid by Naga Ltd., Rs. 0.57 Cr. 2. Provision for Gratuity* Rs.0.03 Cr. 3. Unsecured Loan received by Naga Ltd., Rs.1.73 Cr. 4. Interest payment for unsecured loan given to Naga Ltd., Rs. 0.12 Cr. 5. Dividend Paid by Naga Ltd., Rs. 0.15 Cr. | 1. Remuneration paid by Naga Ltd., Rs. 0.54 Cr. 2. Provision for Gratuity* Rs.0.03 Cr. 3. House Rent Rs.0.09 Cr. 4. Unsecured Loan received by Naga Ltd., Rs.1.03 Cr. 5. Interest payment for unsecured loan given to Naga Ltd., Rs.0.07 Cr. 6. Dividend Paid by Naga Ltd., Rs. 0.07 Cr. | 1. Remuneration paid by Naga Ltd., Rs. 0.54 Cr. 2. Provision for Gratuity* Rs.0.03 Cr. | Commission payment by Naga Ltd., Rs. 0.09 Cr. |
| f) | Justification for entering into such contracts or arrangements or transactions | In the ordinary course of business | In the ordinary course of business | In the ordinary course of business | In the ordinary course of business | In the ordinary course of business |
| g) | Date of approval by the Board / Shareholders | BM 14.02.2018 / AGM 19.08.2017 | BM 14.02.2018 / AGM 28.09.2018 | BM 14.02.2018 / AGM 28.09.2018 | AGM 28.09.2018 | BM 14.02.2018 |
| h) | Amount paid as advances, if any, | Nil | Nil | Nil | Nil | |

| S.No | Particulars | Details | | | |
|------|--|---|---|---|---|
| | | a) | Name(s) of the related party | Smt. Lakshmi Vijay Anand | Smt. Monaa Kannan |
| b) | Nature of relationship | Relative of KMP | Relative of KMP | Relative of KMP | Relative of KMP |
| c) | Nature of contracts / arrangements / transactions | Employment | Employment | Employment | Employment |
| d) | Duration of contracts / arrangements / transactions | From the Date of Appointment | From the Date of Appointment | From the Date of Appointment | From the Date of Appointment |
| e) | Salient terms of contracts or arrangements or transactions Including the value, if any | 1. Appointment letter - Salary paid by Naga Ltd., Rs. 0.27 Cr. 2. Dividend paid by Naga Ltd., Rs. 0.03 Cr. | Appointment letter - Salary paid by Naga Ltd., Rs. 0.27 Cr. | Appointment letter - Salary paid by Naga Ltd., Rs. 0.27 Cr. | Appointment letter - Salary paid by Naga Ltd., Rs. 0.18 Cr. |
| f) | Justification for entering into such contracts or arrangements or transactions | In the ordinary course of business | In the ordinary course of business | In the ordinary course of business | In the ordinary course of business |
| g) | Date of approval by the Board / Shareholders | BM 14.02.2018 / EGM 23.03.2018 | BM 14.02.2018 EGM 23.03.2018 | BM 14.02.2018 EGM 23.03.2018 | BM 14.02.2018 EGM 23.03.2018 |
| h) | Amount paid as advances, if any, | Nil | Nil | Nil | Nil |

Place : Dindigul

Date : 23rd May, 2019

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

ANNEXURE - E TO THE DIRECTORS' REPORT
DISCLOSURE UNDER THE COMPANIES (APPOINTMENT AND REMUNERATION OF
MANAGERIAL PERSONNEL) RULES, 2014

(A) Statement of Particulars of remuneration as per Rule 5(1):

| S. No. | Description | | | Note No. |
|--------|---|--|--|----------|
| 1. | The ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year. | Chairman and Managing Director Joint Managing Director Whole-Time Director Technical Director | 36:1 29:1 27:1 27:1 | 1 |
| 2. | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | Chairman and Managing Director Joint Managing Director Whole-Time Director Technical Director Chief Financial Officer Company Secretary | - 37.50% 25.00% 25.00% - 17.65% | 2 |
| 3. | The percentage increase in the median remuneration of employees in the financial year. | | 6% | - |
| 4. | The number of permanent employees on the roll of the Company. | | 896 | - |
| 5. | 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. | Average increase of salary of employees other than managerial persons Managerial Remuneration | 10.00% 29.00% | - |
| 6. | Affirmation that the remuneration is as per the remuneration policy of the Company. | Yes. Remuneration is as per the Remuneration Policy of the Company. | - | - |

Notes:

- Chairman and Managing Director, Joint Managing Director, Whole-Time Director and Technical Director are the Executive Directors and others are Non-Executive Directors, who are paid only sitting fees for attending the meetings of the Board and Committees thereof. Hence ratios are provided only for Executive Directors.
- The remuneration package of the four Executive Directors was approved by the Board of Directors, taking into consideration the recommendation of the Nomination and Remuneration Committee which were also approved by the Members of the Company at the Annual General Meeting.

Particulars of Employees as per Section 197(12) of the Companies Act, 2013 read with the Rules relating thereto for the year ended on 31st March 2019
I)(a). Top 10 employees in terms of remuneration drawn
(Rs in Lakhs)

| S.No. | Name | Designation Nature of Duties | Qualification | Age | Date of Joining | Remuneration Received | | Experience (in years) | Particulars of last Employment held-Organisation & Designation |
|-------|--------------------------------|---|---------------------|-----|--------------------|--------------------------|-------|--------------------------|---|
| | | | | | | Gross | Net | | |
| 1 | Lakshmi Vijay Anand | Business Head Foods Division | MBA | 41 | 01.11.2011 | 25.27 | 19.01 | 8 | Sakthi Hospital & Research Centre General Manager |
| 2 | Jayalalitha.M | Business Head Detergents Division | M.Com | 54 | 01.05.2004 | 25.27 | 17.77 | 15 | M.M.Detergents Company Pvt Ltd., Managing Director |
| 3 | Monaa Kannan | Business Head Retail Division | MBBS | 36 | 01.09.2007 | 25.27 | 16.11 | 12 | - |
| 4. | Sukumar.M | Business Head Minerals Divstion | B.Sc., BL | 63 | 01.04.2005 | 17.08 | 12.48 | 14 | M.M.Detergents Company Pvt Ltd., Manager |
| 5. | Shaw.R.P | Head Projects Detergents Division | B.E Mech | 64 | 18.01.2018 | 16.74 | 14.14 | 31 | Hindustan Unilever Limited Project Manager |
| 6. | Kausik Datta | Manager Projects Detergents Division | B.E., (E.T.E) | 57 | 10.09.2012 | 16.13 | 10.02 | 19 | Pioneer Packaging General Manager |
| 7. | Dnyaneshwar Dagadu Gaiikwad | Manager Production Detergents Division | M.Sc.,M.B.A | 52 | 01.08.2017 | 15.34 | 11.40 | 27 | Hindustan Unilever Limited Factory Manager |
| 8. | Karthikeyan Gandhi | General Manager Retail Division | B.Com., MBA | 40 | 09.06.2017 | 15.30 | 12.27 | 20 | Danupe Home, Dubai. Branch Head |
| 9. | Mohan Kumar | Head - Miller Foods Division | M.Sc., FM Tech., | 53 | 01.04.2010 | 14.94 | 11.12 | 31 | Rohini Poultry Feeds Pvt Ltd., Quality Head |
| 10. | Sivaraman.T.R | Chief Financial Officer | B.Com., FCA ACWA | 60 | 19.12.2018 | 14.03 | 12.10 | 36 | High Energy Batteries (India) Limited - Director Finance & CFO |

I) b) Employees employed throughout the financial year and in receipt of remuneration not less than Rs. 1.02 crores p.a. - NIL.

II) Employees employed for part of financial year and in receipt of remuneration of not less than Rs.8.50 Lakhs per month - NIL.

III) Employees employed either throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company - NIL.

Notes:

1. The appointment is as per the terms of contract/letter of appointment and other terms of conditions as per Company's rules.
2. Gross remuneration includes salary, perquisites and Company contribution to retirement benefits.
3. Except Ms. M. Jayalalitha, Smt. Monaa Kannan, Smt. Lakshmi Vijay Anand & Sri. M. Sukumar who are relatives of Executive Directors, none of the other employees mentioned above are related to any Director of the Company.

Place : Dindigul
Date : 23rd May, 2019

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS
K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589

ANNEXURE - F TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

The Company is basically engaged in Food products and deals with scores of people in public and engages the services of skilled, semi-skilled and to some extent unskilled labour in its activities. It is deeply committed to promoting rural development, eradication of hunger and malnutrition, road safety, upliftment of down trodden, catering to education & health of underprivileged & intellectually disabled, flood relief and cleanliness activities.

(A) Brief outline of the Company's Corporate Social Responsibility (CSR) Programs:

- Contribution towards eradication of hunger and malnutrition through a registered Trust.
- Contribution towards road safety awareness among the public.
- Contribution towards upliftment of poor.
- Contribution towards educational and medical needs of the underprivileged.
- Contribution for providing comprehensive care and education for the intellectually disabled persons.
- Contribution towards disaster relief.
- Contribution towards provision of equipment for the cleanliness of the city.

CSR Policy

As a responsible Corporate Citizen, the Company has evolved a CSR Policy and is pursuing the CSR activities in letter and spirit. The Company has formed a CSR Committee of the Board. It has formulated a CSR Policy that has been approved by the Board, laying stress on CSR activities to be undertaken in its neighborhood. The Company's focused programs are in the field of community development, sanitation, water, education, health, rural infra-structure and technical training. Its ongoing CSR activities are truly aligned to the CSR policy.

The CSR policy of the Company has been posted in the website of the Company - www.nagamills.com.

(B) Composition of the Corporate Social Responsibility Committee:

| | |
|-----------------------|---|
| Dr. K. Venkatachalam | Chairman of the Committee; Independent Director |
| Smt. Mageswari Kannan | Member, Joint Managing Director |
| Sri. Sounder Kannan | Member, Whole-Time Director |

(C) Average Net Profit (Profit before Tax excluding Dividend Income & Exceptional Income of the Company for the last three financial years: Rs. 33.61 Cr

(D) Prescribed CSR Expenditure for FY 2019-20 (2% of the amount as in item (C) above): Rs. 0.67 Cr

(E) Details of CSR expenditure during the financial year 2018-19:

| | |
|---|---------------|
| (a) CSR amount brought forward | : Rs. 0.66 Cr |
| (b) Total amount to be spent for the financial year 2018-19 | : Rs. 0.56 Cr |
| (c) Amount spent for the financial year 2018-19 | : Rs. 1.08 Cr |
| (d) Amount unspent , if any | : Rs. 0.14 Cr |

F) Manner in which the amount spent during the financial year is detailed below:

| S. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (Budget) project or programs wise | Amount spent on the projects or programs sub heads : (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto reporting period | Amount spent Directly or through implementing agency |
|--------|--|--|--|---|---|--|--|
| 1 | Contribution to Akshaya Patra Foundation towards eradication of Hunger and Malnutrition. | Eradiction of Hunger and Malnutrition | Bengaluru, Karnataka | 0.06 | (i) 0.06 (ii) Nil | 0.06 | Akshaya Patra Foundation |
| 2 | Construction of Roundabout to spread Road Safety awareness | Promotion of Road Safety through Education | Dindigul, Tamil Nadu | 0.18 | (1) 0.18 (2) Nil | 0.18 | Direct |
| 3 | Contribution to Inba Seva Sangam for uplifting the livelihood of downtrodden people through education, etc., | Promoting education, setting up homes, measures for reducing inequalities faced by socially and economically backward groups & rural development program | Karur, Tamil Nadu | 0.01 | (1) 0.01 (2) Nil | 0.01 | Inba Seva Sangam |
| 4 | Supporting upliftment of poor people through Annadhanam, Medical & Educational facilities | Promoting education, promoting health care and eradication of hunger. | Thiruvanna malai, Tamil Nadu | 0.01 | (1) 0.01 (2) Nil | 0.01 | Yogi Ramsurat kumar Trust |
| 5 | Catering educational and medical needs of under privileged Strata of the society through various projects | Promoting health care, promoting education, including special education and employment enhancing vocation skills, livelihood enhancement programs | Chennai, Tamil Nadu | 0.01 | (1) 0.01 (2) NIL | 0.01 | Rotary Club of Madras Chenna Patna Charitable Trust |

| | | | | | | | |
|---|---|---|----------------------|-------------|------------------------------|-------------|--|
| 6 | Contribution to the Blooming Foundation Trust for providing comprehensive care and educational opportunities to intellectually disabled person. | Promoting education, including special education for differently abled children | Dindigul, Tamil Nadu | 0.02 | (1) 0.02 (2) Nil | 0.02 | The Blooming Foundation Trust |
| 7 | Contribution to CMDRF for Kerala Flood Relief Projects | Contribution to the Prime Minister's National Relief Fund & Disaster Relief | Kerala | 0.01 | (1) 0.01 (2) Nil | 0.01 | Chief Minister's Distress Relief Fund (CMDRF) |
| 8 | Contribution to purchase Road Sweeping Machine | Sanitation | Dindigul, Tamil Nadu | 0.67 | (1) 0.66 (2) 0.01 | 0.67 | Direct |
| 9 | Contribution to Tamil Nadu Chief Minister's Public Relief Fund (CMPRF) | Eradication of Hunger and Malnutrition & Disaster Relief | Tamil Nadu | 0.11 | (1) 0.11 (2) Nil | 0.11 | Tamil Nadu Chief Minister's Public Relief Fund (CMPRF) |
| | Total | | | 1.08 | (1) 1.07 (2) 0.01 | 1.08 | |

(G) In case the Company has failed to spend the two percent of the Average Net Profit for the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

The balance amount of Rs. 0.14 Cr could not be spent within the financial year due to delayed finding of suitable project, though substantial amount was spent. The Board of Directors deliberated the same and decided to spend the unspent amount during the financial year 2019-20 for contributing towards disaster relief fund.

(H) A Responsibility Statement of the CSR Committee:

Certified that the implementation and monitoring of the CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

Place : Dindigul
Date : 23rd May, 2019

K.S. KAMALAKANNAN
Chairman & Managing
Director
DIN 01601589

Dr. K. VENKATACHALAM
Chairman - CSR Committee
DIN 01062171

ANNEXURE - G TO THE DIRECTORS' REPORT

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

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies
(Accounts) Rules, 2014]

(A) Conservation of energy:

- | | | |
|---|---|---|
| (i) the steps taken or impact on conservation of energy | : | Energy conservation continues to receive priority attention at all levels. |
| (ii) the steps taken by the company for utilising alternate sources of energy | : | Not Applicable |
| (iii) the capital investment on energy conservation equipment | : | continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques. |

(B) 1. Research and Development (Totally in-house):

- Development of process to identify the Quality of Wheat for improved efficiency.
- Development of process for analysing the various properties of wheat flour.
- Identification and implementation of various processes for improvement of Quality of the products manufactured.
- Research on various varieties of wheat and wheat flour.
- Research on the manufacturing process for elimination of waste and improvement of Quality and cost effectiveness.
- New product development: Continuous efforts are being made for development of new products as per the market requirements.

2. Benefits derived as a result of above R & D:

The research done on the above improved the Quality thereby enabling increased volume of production and sales. Moreover, the above research also paved the way for new products to be added in the existing line of manufacture to suit the market requirements.

3. Future plan of Action:

To continue Research and Development in the areas mentioned in (B) 1 for further improvement in Quality and thereby increasing the volume and profitability.

4. Expenditure on R & D during the year:

(Rs. in Cr)

| | As at 31.03.2019 | As at 31.03.2018 |
|--------------------------|-------------------------|-------------------------|
| Capital | 4.25 | 0.43 |
| Capital Work-in-Progress | 0.02 | - |
| Recurring | 0.82 | 0.11 |

5. Technology Absorption:

During the year under review, no technology was acquired.

(C) Foreign exchange earnings and Outgo:

(Rs. in Cr)

| | As at 31.03.2019 | As at 31.03.2018 |
|----------|-------------------------|-------------------------|
| Earnings | 4.04 | 0.93 |
| Outgo | 21.23 | 243.04 |

Place : Dindigul

Date : 23rd May, 2019

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

**K.S. KAMALAKANNAN
Chairman & Managing Director
DIN 01601589**



ANNEXURE - H TO THE DIRECTORS' REPORT
FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2019

[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
M/s. Naga Limited
No.1, Anna Pillai Street,
Chennai - 600001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Naga 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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, 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 covering the financial year ended on 31st March, 2019, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) 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 as applicable to the Company;
- (vi) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company viz.:
 - (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, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (f) 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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

- (vii) Other Laws like labour laws, taxation and other laws applicable to the Company was as per representation given by the Management.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Metropolitan Stock Exchange of India Limited (MSEI).
- (iii) The Memorandum and Articles of Association of the Company.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws specifically applicable to it.

- (a) Food Safety and Standards Act, 2006 and the rules made thereunder;
- (b) Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
- (c) Food Safety and Standards (Packaging and Labelling) Regulations, 2011; and
- (d) Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors.

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and less than seven days in applicable cases with the consent of all the directors in accordance with the provisions of the Act 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.

The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, reappointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board as the case may be.

We further report that there are adequate systems and processes in place in the Company commensurate with the size, nature of business and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The following are our observations:

- (a) The Company was required to spend a cumulative sum of Rs. 122.57 Lakhs during the financial year, being 2% of the average net profits of the Company made during the immediately preceding three financial years towards activities as per Corporate Social Responsibility Policy of the Company under Section 135 of the Companies Act, 2013. However, the Company has spent a sum of Rs.108.19 Lakhs towards CSR activities during the financial year and the balance the amount of Rs. 14.38 Lakhs is yet to be spent by the Company.

We further report that during the audit period:

- (i) The Company has passed ordinary resolutions at the Extra Ordinary General Meeting held on 26.03.2019 under Section 188 of the Companies Act, 2013 granting approval for entering into material related party transactions with various related parties.
- (ii) The Company has passed special resolution at the Extra Ordinary General Meeting held on 26.03.2019 under Section 185 of the Companies Act, 2013 granting approval to give corporate guarantee in connection with working capital loan to be taken by M/s. M.M. Detergents Company Private Limited (in which some of the Directors of the Company are interested) from its bankers upto a sum not exceeding Rs.50 Crores.
- (iii) During the financial year, the Company had obtained Orders passed by the Regional Director, Southern Region, Chennai dated 20.08.2018 & 21.08.2018 relating to compounding applications filed by the Company for the offences committed pertaining to non-compliance of the provisions of Section 198, 224(8) and 297 of the Companies Act, 1956 with reference to Inspection of Books and other records conducted under the provisions of Section 206(5) of the Companies Act, 2013 vide Letter No.ROC/CHN/20409/2016, dated 13th January, 2016 and paid the compounding fees imposed as specified in the said Orders.
- (iv) During the financial year, the Company had received Show Cause Notice vide F.No.20409/136(1)/JTA(CL)/Adjudication/2018 dated 14.08.2018 from the Registrar of Companies, Chennai for non-compliance of the provisions of Section 136(1) of the Companies Act, 2013 with reference to Inspection Notice issued vide Letter No.ROC/CHN/20409/2016, dated 13th January, 2016 and the Company had filed application under section 454 of the Companies Act, 2013 read with the Companies (Adjudication of Penalties) for adjudication of violation in complying with the above section.
- (v) During the financial year, the Company had received Show Cause Notices vide F.No.20409/Supp./Sec.92(3)/JTA(CL)/2018 and F.No.20409/Supp./Sec.129 r/w AS15/JTA(CL)/2018 dated 16.11.2018 from the Registrar of Companies, Chennai for non-compliance of the provisions of Section 92(3) and 129 of the Companies Act, 2013 r/w AS-15 and the Company had submitted replies / explanations in response to the above notices on 23.11.2018.
- (vi) During the financial year, the Company had received Show Cause Notice vide F.No.13(7)/2016 dated 02.01.2019 from the Regional Director, Southern Region, Chennai seeking reply from the Company for certain observations made by the Inspecting Officer regarding compliance of Section 211 of the Companies Act, 1956 with reference to Inspection Notice issued vide Letter No.ROC/CHN/20409/2016, dated 13th January, 2016 and the Company had submitted replies / explanations along with relevant supporting documents in response to the above notice on 04.02.2019 for which there was no further reply / notice from the Regional Director.

**For G.S.R. & Co.,
COMPANY SECRETARIES**

Place: Dindigul
Date : 23rd May, 2019

**G. SREENIVASA RAO
(M.No. FCS-5691 & C.P. No. 4966)**

Note: This report is to be read with our letter of even date which is annexed as Appendix-A and forms an integral part of this report.

APPENDIX - 'A'

To
The Members
M/s. Naga Limited
No.1, Anna Pillai Street,
Chennai - 600 001.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records 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 corrected 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. Wherever 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 efficiency or effectiveness with which the management has conducted the affairs of the Company.

For G.S.R. & Co.,
COMPANY SECRETARIES

Place: Dindigul
Date : 23rd May, 2019

G. SREENIVASA RAO
(M.No. FCS-5691 & C.P. No. 4966)



D. Sampathkumar & Co.,
Chartered Accountants

5, South Boag Road,
T.Nagar, Chennai 600017.
Ph: 044-24341189

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NAGA LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Naga Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2019, 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 Notes to the Financial Statements, including 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, 2019, the profit (including other 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 (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our 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.

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 informing our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S.No | Key Audit Matter | Auditor's Response |
|------|---|---|
| 1. | <p>Revenue is recognised when the control of the products being sold has been transferred to the customer. We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred.</p> | <p>Our audit procedures included:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the revenue recognition accounting policies, by comparing with applicable accounting standards. 2. Testing the design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue in the general ledger accounting system. 3. Performing substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year end) by verifying the underlying documents, which included sales invoices/contracts and shipping documents. 4. Carrying out analytical procedures on revenue recognised during the year to identify unusual variances. 5. Performing confirmation procedures on selected customer balances at the balance sheet date. 6. We assessed manual journals posted to revenue to identify unusual items. |
| 2. | <p>The Company has entered into several transactions with related parties during the year 2018-19. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the financial statements; non-compliance with statutory regulations governing related party relationships such as the Companies Act, 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.</p> | <p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> 1. Carrying out an assessment of the key controls to identify and disclose related party relationships and transactions in accordance with the relevant accounting standard. 2. Carrying out an assessment of compliance with the listing regulations and the regulations under the Companies Act, 2013, including checking of approvals/ scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions. 3. Considering the adequacy and appropriateness of the disclosures in the financial statements, relating to the related party transactions. 4. Inspecting relevant ledgers, agreements and other information that may indicate existence of related party relationship or transactions. Also testing the completeness of related parties with reference to the various registers maintained by the Company statutorily. 5. Testing on a sample basis, Management's assessment of related party transactions for arm's length pricing. |

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 Company's Annual Report, but does not include the standalone financial statements and our auditors' 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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, (including other 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 judgements 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 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 judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 the Companies (Indian Accounting Standard) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with Schedule V to the Account.

- 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 (Refer note No. 38)
 - ii. The Company did not have any long term contracts including derivative contracts for which there were material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Dindigul
Date: 23rd May, 2019

**For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 003556S)**

**M K Ravindran (Partner)
M.No. 020887**

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF NAGA LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31 MARCH, 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Naga Limited ("the Company") as of 31 March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March, 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 (hereinafter referred to as "the Act")

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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. Inherent Limitations of Internal Financial controls with Reference to Financial Statements. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Dindigul
Date: 23rd May, 2019

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 003556S)

M K Ravindran (Partner)
M.No. 020887

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Naga Limited of even date)

Report on Companies (Auditor's Report) Order, 2016 ("the Order") of Naga Limited ("the Company")

- i) In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) According to the information and explanations given to us by the management of the Company, the title deeds of immovable properties, as disclosed in Note 4 to the standalone financial statements, are held in the name of the Company.
- ii) In respect of its inventories:
 - a) In our opinion the inventories have been physically verified during the year by the management at reasonable intervals.
 - b) As per the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- iii) In our opinion and 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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv) The Company has not granted any loans or given any guarantee or provided any security to any of the parties covered in the register maintained under section 189 of the Act. The Company has complied with the provisions of section 185 and 186 of the Act with respect investments made during the year.
- v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Accordingly paragraph 3(v) of the Order is not applicable to the Company.
- vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of Cost Records under sub-section 1 of Section 148 of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examinations of the records.
- vii) In respect of statutory dues:
 - a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.
 - b) According to the information and explanations given to us, except as given below no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

| Name of the statute | Nature of dues | Amount (Rs. in Cr) | Period to which it relates | Due date | Date of payment |
|------------------------------|----------------|--------------------|----------------------------|------------|-----------------|
| Goods and services Tax (GST) | Tax | 1.08 | 2017-18 | 31/03/2019 | — |

The management contends that due to interpretational issues as GST Act being came into force with effect from 1st July, 2017 and technical glitches in the GST portal, the amount was not remitted in time.

- c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess which have not been deposited as on March 31, 2019 on account of disputes are given below:

| Sl.No | Name of the Statute | Nature of Dues | Amount (Rs.in Crores) | Period to which the amount relates | Forum where dispute is pending |
|-------|--|-----------------------------------|-----------------------|------------------------------------|--|
| 1 | The Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 | Electricity Tax | 0.58 | 2012-13 to 2018-19 | Hon'ble Supreme Court of India |
| 2 | The Electricity Act, 2003 | Deemed demand for minimum charges | 0.12 | 2016-17 to 2018-19 | Hon'ble High Court of Chennai, Madurai Bench |

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks or financial institutions. The Company does not have any loans or borrowings from the government and has not issued any debentures.
- ix) The Company has not raised monies by way of initial public offer or further public offer (including debt instruments). The term loans were used for the purposes for which those were raised.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) In our opinion and according to the information and explanations given to us the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions the Sections 197 read with Schedule V to the Act.
- xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause 3(xiv) of the Order is not applicable.

- xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi) of the Order is not applicable to the Company.

Place: Dindigul
Date: 23rd May, 2019

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 003556S)

M K Ravindran (Partner)
M.No. 020887

Standalone Balance Sheet as at 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------------------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 205.48 | 174.78 |
| Intangible Assets | 4 | 1.42 | 1.51 |
| Capital work in progress | 5 | 7.85 | 24.14 |
| Financial assets | | | |
| Investments | 6 | 2.40 | 2.14 |
| Other financial assets | 7 | 4.67 | 1.38 |
| Other non-current assets | 8 | 5.03 | 5.18 |
| Total non-current assets | | 226.85 | 209.13 |
| Current assets | | | |
| Inventories | 9 | 73.65 | 147.27 |
| Financial assets | | | |
| Trade receivables | 10 | 50.32 | 50.89 |
| Cash and cash equivalents | 11 | 4.55 | 5.52 |
| Bank balances other than above | 12 | 4.96 | 21.25 |
| Loan | 13 | 0.41 | 0.33 |
| Other current assets | 14 | 9.27 | 28.56 |
| Total current assets | | 143.16 | 253.82 |
| | Total Assets | 370.01 | 462.95 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15 | 14.25 | 14.25 |
| Other equity | 16 | 112.30 | 95.64 |
| Total equity | | 126.55 | 109.89 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 120.02 | 123.69 |
| Other financial liabilities | 18 | 0.98 | 1.05 |
| Provisions | 19 | 1.88 | 1.67 |
| Deferred Tax Liabilities (net) | 20 | 20.06 | 18.70 |
| Total non-current liabilities | | 142.94 | 145.11 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 21 | 50.76 | 136.33 |
| Trade payables | 22 | | |
| a) Total Outstanding dues of micro, small and medium enterprises | | 1.37 | 1.53 |
| b) Total Outstanding dues of other than micro, small and medium enterprises | | 13.27 | 12.00 |
| Other financial liabilities | 23 | 27.39 | 20.50 |
| Other current liabilities | 24 | 7.59 | 35.95 |
| Short Term Provisions | 25 | 0.14 | 1.64 |
| Total current liabilities | | 100.52 | 207.95 |
| | Total Liabilities | 243.46 | 353.06 |
| | Total Equity and Liabilities | 370.01 | 462.95 |

The accompanying notes form an integral part of the financial statements

As per our report of even date

For and on behalf of the Board
K.S. KAMALAKANNAN
 Chairman & Managing Director
 DIN : 01601589

MAGESWARI KANNAN
 Joint Managing Director
 DIN : 02107556

T.R. SIVARAMAN
 Chief Financial Officer
 M.No:023228

 Place : Dindigul
 Date : 23rd May, 2019

For D Sampathkumar & Co.,
 Chartered Accountants
 (Firm Registration No : 003556S)

M.K. RAVINDRAN
 Partner
 M.No: 020887

V. MARIKANNAN
 Company Secretary
 M.No. A30767

Standalone Statement of Profit & Loss for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | Notes | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|-----------|--------------------------------------|--------------------------------------|
| Continuing Operations | | | |
| A Income | | | |
| Revenue from operations | 26 | 837.19 | 893.92 |
| Other income | 27 | 14.13 | 8.95 |
| Total income | | 851.32 | 902.87 |
| B Expenses | | | |
| Cost of materials consumed | 28 | 553.39 | 455.10 |
| Purchases of stock in trade | 29 | 87.25 | 248.10 |
| Changes in inventories | 30 | 0.73 | (2.32) |
| Employee benefits expense | 31 | 37.15 | 32.47 |
| Depreciation and amortisation expense | 32 | 27.42 | 25.29 |
| Other expenses | 33 | 90.69 | 75.26 |
| Finance costs | 34 | 29.07 | 31.98 |
| Total expenses | | 825.70 | 865.88 |
| C Profit before exceptional items and tax | | 25.62 | 36.99 |
| Exceptional items | | - | - |
| | | 25.62 | 36.99 |
| D Profit before tax from continuing operations | | | |
| Income tax expense | 35 | | |
| Current tax | | 6.10 | 12.15 |
| Deferred tax charge/ (credit) | | 1.40 | 2.69 |
| Profit for the year | | 18.12 | 22.15 |
| E Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of post employment benefit obligations | | (0.13) | (0.18) |
| Income tax relating to these items | | 0.04 | 0.07 |
| Other comprehensive income for the year, net of tax | | (0.09) | (0.11) |
| Total comprehensive income for the year | | 18.03 | 22.04 |
| Earnings per share (Face value of Rs. 10 each) | 36 | | |
| Basic earnings per share (in Rs.) | | 12.72 | 15.55 |
| Diluted earnings per share (in Rs.) | | 12.72 | 15.55 |

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

Place : Dindigul
Date : 23rd May, 2019

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767

Standalone Statement of Changes in Equity for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

| | |
|---|-------|
| Balance at the beginning of April 1, 2017 | 14.25 |
| Changes in equity share capital during the year | - |
| Balance at the end of March 31, 2018 | 14.25 |
| Changes in equity share capital during the year | - |
| Balance at the end of March 31, 2019 | 14.25 |

(B) Other Equity

| Particulars | Capital Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | OCI | Total |
|---|-----------------|----------------------------|-----------------|-------------------|---------------|---------------|
| Balance as at April 1, 2017 | 0.11 | 1.36 | 2.50 | 71.16 | (0.16) | 74.97 |
| Additions/(deductions) during the year | - | - | 0.21 | (0.21) | - | - |
| Total Comprehensive Income for the year | - | - | - | 22.15 | (0.11) | 22.04 |
| Dividend and tax thereon paid | - | - | - | (1.37) | - | (1.37) |
| Balance as at March 31, 2018 | 0.11 | 1.36 | 2.71 | 91.73 | (0.27) | 95.64 |
| Additions/(deductions) during the year | - | - | 0.21 | (0.21) | - | - |
| Total Comprehensive Income for the year | - | - | - | 18.12 | (0.09) | 18.03 |
| Dividend and tax thereon paid | - | - | - | (1.37) | - | (1.37) |
| Balance as at March 31, 2019 | 0.11 | 1.36 | 2.92 | 108.27 | (0.36) | 112.30 |

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767

Place : Dindigul
Date : 23rd May, 2019

Standalone Cash Flow Statement for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Cash Flow From Operating Activities | | |
| Profit before income tax | 25.62 | 36.99 |
| Adjustments for | | |
| Bad debts written off | 0.38 | 0.15 |
| Depreciation and amortisation expense | 27.42 | 25.29 |
| (Profit)/ Loss on sale of fixed assets | (0.09) | (0.50) |
| Profit on sale of investments | - | (0.33) |
| Interest income | (1.06) | (1.60) |
| Finance costs | 29.07 | 31.98 |
| | 81.34 | 91.98 |
| Change in operating assets and liabilities | | |
| (Increase)/ decrease in loans given | (0.08) | - |
| (Increase)/ decrease in other financial assets | (3.29) | 1.54 |
| (Increase)/ decrease in inventories | 73.62 | 25.51 |
| (Increase)/ decrease in trade receivables | 0.19 | (16.95) |
| (Increase)/ decrease in other assets | 19.44 | 3.23 |
| Increase/ (decrease) in provisions and other liabilities | (21.43) | 1.32 |
| Increase/ (decrease) in trade payables | 1.11 | (9.20) |
| Cash generated from operations | 150.90 | 97.43 |
| Less : Income tax paid (net of refunds) | (8.79) | (14.90) |
| Net cash from operating activities (A) | 142.12 | 82.53 |
| Cash Flows From Investing Activities | | |
| Purchase of PPE (including changes in CWIP) | (40.88) | (59.90) |
| Sale proceeds of PPE | 0.40 | 0.63 |
| (Purchase)/ disposal proceeds of investments | (0.27) | (1.23) |
| (Investments in)/ Maturity of fixed deposits with banks | 16.29 | (3.62) |
| Interest received | 1.06 | 1.60 |
| Net cash used in investing activities (B) | (23.40) | (62.52) |

Standalone Cash Flow Statement for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Cash Flows From Financing Activities | | |
| Proceeds from issue of equity share capital (net of share application money) | - | - |
| Proceeds from/ (repayment of) long term borrowings | (3.67) | 45.76 |
| Proceeds from/ (repayment of) short term borrowings | (84.39) | (35.61) |
| Finance costs paid | (29.07) | (31.98) |
| Dividend paid (Including dividend distribution tax) | (1.37) | (1.37) |
| Net cash from/ (used in) financing activities (C) | (118.50) | (23.20) |
| Net decrease in cash and cash equivalents (A+B+C) | 0.21 | (3.19) |
| Cash and cash equivalents at the beginning of the financial year | 2.95 | 6.14 |
| Cash and cash equivalents at end of the year | 3.16 | 2.95 |

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 “Cash Flow Statements”.

2. Components of cash and cash equivalents

| | | |
|---------------------------|--------|--------|
| Balances with banks | | |
| - in Current Accounts | 4.38 | 5.35 |
| Cash on hand | 0.17 | 0.17 |
| Book Overdraft with Banks | (1.39) | (2.57) |
| | 3.16 | 2.95 |

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767

Place : Dindigul

Date : 23rd May, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Notes to the Financial statements

Company Background

Naga Limited is a company incorporated in India under the Companies Act, 1956 and is domiciled in India. Its Registered Office is located at No 1, Anna Pillai Street, Chennai-600001 and the Corporate Office at No 1, Trichy Road, and Dindigul-624005. The Company's Shares are listed in Metropolitan Stock Exchange of India Limited (MSEI), Mumbai. The Company is engaged in the manufacture of Wheat Products, Minerals, Detergents and in Power Generation.

The Plants of the Company are located in various places in and around Dindigul and its Power Generating Plants are located in Coimbatore, Dharapuram, Theni and Tirunelveli.

2. Significant Accounting Policies and key accounting estimates and judgments

Significant Accounting Policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Effective April 1, 2017, the Company has adopted all the applicable Ind AS Standards and the adoption was carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India (IGAAP), as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting Policies have been consistently applied except where a newly-issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

2.2 Basis of Preparation and Compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. The financial statements are prepared on a "going concern" basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimate using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability at the measurement date assuming the market participants act in their economic best interest. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2- Inventories or values in use in Ind AS 36-Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as ‘-’ in these financial statements.

2.3 Current/Non-Current Classification

An asset or liability is classified as Current if it satisfies any of the following conditions:

- (a) The asset / liability is expected to be realized / settled in the Company’s normal operating cycle;
- (b) The asset is intended for sale or consumption;
- (c) The asset / liability is held primarily for the purpose of trading;
- (d) The asset / liability is expected to be realized / settled within twelve months after the reporting period;
- (e) 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 period;
- (f) In 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 period.

All other assets and liabilities are classified as Non- Current.

For the purpose of Current / Non- Current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realization in cash or cash equivalents.

Deferred Tax assets and liabilities are classified as Non-Current.

Advances given towards acquisition of fixed assets, outstanding at each Balance Sheet date, are disclosed as other Non-current assets.

2.4 Recent Accounting Pronouncements

Ind AS 116 - Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss.

The Standard is applicable for the accounting periods commencing on or after 01-04-2019. Accordingly, this Standard is not applicable for preparation of the financial statements for the year ended 31-03-2019. However, application of this Standard from 01-04-2019 does not have any impact for the Company.

Ind AS 12 - Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the Appendix, Companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Standard permits two possible methods of transition -

- i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

2.5 Property, Plant and Equipment (PPE)

Property, Plant and Equipment are tangible items that:

- (a) Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes: and
- (b) Are expected to be used during more than one period.

The cost of an item of Property, Plant and Equipment shall be recognised as an asset if and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

An item of PPE that qualifies for recognition as an asset is measured on initial recognition at cost. Following initial recognition PPEs are carried at its cost less accumulated depreciation and accumulated impairment losses.

- (i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognized as on April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date.
- (ii) The cost of an item of PPE comprises of purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of

replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.

Borrowing cost (net of interest earned on temporary investments of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of the assets till the assets are substantially ready for its intended use.

(iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

(iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at Cost. Costs in nature of repairs and maintenance are recognized in the statement of Profit and Loss as and when incurred. All up gradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

(v) Capital advances and Capital Work-in-Progress

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as Capital Work-in-Progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use.

(vi) Depreciation and Amortization

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value (WDV) method in respect of Soaps & Detergents Division at Vedasandur and under the straight line method in respect of other divisions. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

(vii) Estimated useful lives of the assets are as follows:

| Asset | Years |
|--|-------|
| Factory Buildings | 30 |
| Buildings (Other than factory buildings) | 60 |
| Plant and Equipment - continuous process plants | 25 |
| Plant and Equipment - Other than continuous process plants | 15 |
| Wind Power Generation Plant | 22 |
| Furniture and Fixtures | 10 |
| Vehicles - Motor Cycles, Scooter and Mopeds | 10 |
| Other vehicles | 8 |
| Office Equipment | 5 |
| Servers & Networks | 6 |
| End user devices such as desktops, laptops etc., | 3 |

Assets costing Rs. 5,000/- and below are depreciated in full within the Financial Year.

2.6 Intangible Assets

a) Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

b) Useful lives of Intangible Assets

Intangible Assets are amortised equally over the estimated useful life not exceeding ten years.

2.7 De-recognition of tangible and intangible assets

An item of tangible and intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the Asset. Any gain or loss arising on the disposal or retirement of an item of tangible and intangible assets is determined as the difference between the sale proceeds, if any, and the carrying amount of the asset and is recognised in the Statement of Profit or Loss.

2.8 Impairment of tangible and intangible assets

The Company annually reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating unit for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment of loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment of loss is recognised immediately in Statement of Profit and Loss.

2.9 Revenue Recognition

Effective from 1st April, 2018 the Company has adopted Ind AS 115 “Revenue from Contracts with Customers”. Application of this standard from 01.04.2018 does not have any impact on the revenue recognition and measurement.

(a) Sale of products

Revenue is recognised at a point in time upon transfer of control of the products to customers i.e., when the products are delivered to the common carrier, in an amount that reflects the consideration that the Company expects to receive in exchange for those products.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the actual underlying performance obligation that corresponds to the progress by the customer / indenter towards earning the discount / incentive.

(b) Dividend and Interest Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

(c) Insurance Claims

Insurance claims are recognized on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(d) Rental Income / Warehousing Charges

Rental income and warehousing charges from operating leases are recognized on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost of inflation index.

2.10 Ind AS 115- Revenue from contracts with customers

The standard is notified on 28.03.2018 and it is applicable for the accounting periods commencing on or after 01.04.2018. Accordingly, this standard is not applicable for preparation of the financial statements for the year ended 31.03.2018. However, application of this standard from 01.04.2018 does not have any impact in the revenue recognition and measurement for the Company.

2.11 Inventories

Inventories including traded goods are valued at lower of cost and net realizable value. Materials and other items intended for use in the production of inventories are not written -down below cost if the finished goods in which they will be incorporated or expected to be sold at or above cost. Cost includes taxes and duties (other than taxes and duties for which input tax credit is available), freight and other direct expenses. Stocks of Raw materials, Stores & Spares and chemicals are valued at cost on First in First Out. Finished Goods / Stock-in-Progress are valued at lower of cost and net realisable value and cost includes material, direct labour, overheads (other than selling and administrative overheads) incurred in bringing the inventory to their present location and condition. Net realizable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

2.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their

intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.13 Employee Benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognises the undiscounted amount of Short Term Employee Benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

(b) Post-employment benefits

(i) Defined Contribution Plan

Payments to Defined Contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions to Provident Fund and Superannuation Fund are treated as Defined Contribution Plans, since funded with Provident Fund Commissioner (as per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952) and Life Insurance Corporation of India, respectively.

(ii) Defined Benefit Plans

The company operates the Defined Benefit Gratuity Plan for employees. The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan. Gratuity and Retirement Benefit Schemes operated by the Company are treated as Defined Benefit Plans.

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. Re-measurement of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability / asset), are recognized in Other Comprehensive Income and taken to retained earnings. (Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods).

The Company presents the above liability / (asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent Actuary, however, the entire liability towards gratuity to employees (other than Directors) is considered as current as the company will contribute this amount to gratuity fund within the next twelve months.

(c) Other Long-term Employee Benefits

As per policy the Company compensated absence is not accumulated.

2.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtual certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Profit and Loss (FVTPL) are recognized immediately in Statement of Profit and Loss.

2.16 Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost. The debt instruments carried at amortised cost includes Deposits, Loans and advances recoverable in cash.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

(b) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognized in the Statement of Profit and Loss.

(c) Investment in Equity Instruments at FVTOCI

(i) Investments in Equity Instruments in Subsidiaries and associates:

The Company has elected to carry investment in equity instruments in subsidiaries and associates at cost in accordance with paragraph 10 of Ind AS 27- Separate Financial Statements.

(ii) Investments in Other Equity Instruments:

The Company has irrevocably designated to carry investment in Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments were initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the 'Reserve for Equity Instruments through Other Comprehensive Income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within Equity.

The Company has Equity Investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see Note 6). Fair value is determined in the manner described in Note 2.2.

(d) Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses "Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instruments).

- For Trade receivable, Company applies “simplified approach” which requires expected life time losses to be recognized from initial recognition of these receivables.
- For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk, if there is significant increase in credit risk full lifetime ECL is used.

(e) Derecognition of Financial Assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109, a financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Concomitantly, if the asset is one that is measured at:

- (a) Amortised cost, the gain or loss is recognized in the Statement of Profit and Loss.
- (b) Fair value through Other Comprehensive Income, the cumulative fair value adjustments previously taken to Reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is classified within equity.

2.17 Financial Liabilities and Equity Instruments

(a) Classification as Debt or Equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

(b) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognized at the proceeds received, net of direct issue costs.

(c) Financial Liabilities

All financial liabilities are initially recognized at the value of respective contractual obligations. 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 capitalized as part of costs of an asset is included in the “ Finance costs” line item.

(d) De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms , or the terms of an existing liability modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

2.18 Derivative Financial Instruments and Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, by means of foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates hedging instruments in respect of foreign currency risk as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instruments is highly effective in off-setting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, as exchange fluctuation gain / loss.

The cumulative gain or loss previously recognised in Other Comprehensive Income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in Other Comprehensive Income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in Other Comprehensive Income is transferred to the Statement of Profit and Loss in the same period when the hedged item affects Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

Fair Value Hedge

The Company designates derivative contracts as hedging instruments to mitigate the risk of change in fair value of hedged item in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Statement of Profit and Loss from that date.

2.19 Foreign Currency Transactions

(a) Initial Recognition

On initial recognition, transactions in foreign currencies are recorded in the functional currency (ie Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency as at the date of the transaction.

(b) Measurement of foreign currency items at reporting date

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

(c) Recognition of exchange difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in Statement of Profit and Loss in the period in which they arise.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

(a) Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from “profit before tax” as reported in the statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (temporary difference) and items that are never taxable or deductible (permanent difference) under the Income Tax act, 1961.

Current tax is measured using tax rates and tax laws enacted during the reporting period together with any adjustment to tax payable in respect of previous years.

(b) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognized.

Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part of or all of deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement is in the form of unused tax credits and is accordingly grouped under Deferred Tax Assets.

(c) Current and Deferred Tax for the year

Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively.

2.22 Events after reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

2.23 Financial and Management Information System

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013 to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

2.24 Segment Reporting

The Company has the following reporting segments, which are considered as its reporting segments. These segments offer different types of products to different customers and are managed separately because they require different technology and production process. Operating segment disclosures are consistent with the information provided to and reviewed by the Chief Operating Decision Maker.

| Reporting Segment | Products Offered |
|-------------------------|-------------------------------------|
| Foods and Windmill | Wheat Products and Power Generation |
| Minerals and Detergents | various minerals and Detergents |

2.25 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

3. Key Accounting Estimates and Judgements

3.1 Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3.2 Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

(a) Fair value measurement and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(b) Useful life of Property, Plant and Equipment

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

(c) Cash Discounts

In accordance with Ind AS 115, the Company deducts cash discounts from the revenue for sale of products. Cash discounts on the sale of products in the last month of the year is estimated based on the past experience.

(d) Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

(e) Claims, Provisions and Contingent Liabilities

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

(f) Tax expense

Significant judgments and estimates are involved in estimating the budgeted profits for the purposes of advance tax, determining the provision for income tax, Minimum Alternate Tax and MAT Credit which may get revised pursuant to the determination by the Income Tax authorities.

Notes to Financial Statements for the year ended 31st March, 2019
(All amounts are in Crores of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

| Particulars | Tangible | | | | | | | | Intangible Software | Total |
|--|--------------|--------------|---------------------|-------------------------|-----------------------|-------------|--------------|-----------------|---------------------|---------------|
| | Land | Buildings | Plant and Equipment | Electrical Installation | Furniture and fixture | Computer | Vehicles | Windmill /Solar | | |
| Gross Block | | | | | | | | | | |
| As at April 1, 2018 | 15.55 | 28.28 | 105.03 | 10.68 | 0.38 | 3.66 | 19.58 | 38.29 | 1.54 | 222.99 |
| Additions | 0.07 | 9.60 | 43.50 | 3.27 | 0.46 | 0.48 | 0.86 | - | 0.10 | 58.34 |
| Disposals | - | - | (0.14) | - | - | - | (0.17) | - | - | (0.31) |
| Cost as at March 31, 2019 | 15.62 | 37.88 | 148.39 | 13.95 | 0.84 | 4.14 | 20.27 | 38.29 | 1.64 | 281.02 |
| Depreciation / Amortisation/ Impairment | | | | | | | | | | |
| As at April 1, 2018 | - | 2.87 | 32.25 | 3.05 | 0.10 | 1.14 | 3.30 | 3.96 | 0.03 | 46.70 |
| Charge for the year | - | 1.65 | 18.60 | 1.83 | 0.08 | 0.13 | 2.54 | 2.40 | 0.19 | 27.42 |
| Ind AS Adjustments | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | - | 4.52 | 50.85 | 4.88 | 0.18 | 1.27 | 5.84 | 6.36 | 0.22 | 74.12 |
| Net Block | | | | | | | | | | |
| As at March 31, 2018 | 15.55 | 25.41 | 72.78 | 7.63 | 0.28 | 2.52 | 16.28 | 34.33 | 1.51 | 176.29 |
| As at March 31, 2019 | 15.62 | 33.36 | 97.54 | 9.07 | 0.66 | 2.87 | 14.43 | 31.93 | 1.42 | 206.90 |

- The Company has availed borrowings from Banks which carry charge over the assets of the Company (Refer Note No 42, towards Security)
- Refer Note No.38 for Disclosure of Contractual Commitments for the acquisition of Property, Plant and Equipment.
- The amount of borrowing costs capitalised during the year ended 31st March, 2019 was Rs.1.24 Cr (PY Rs. 1.50 Cr). The Company has applied capitalisation rate of 9.75 % which is the effective rate of interest (EIR) of the specific borrowing.
- Additions in capital expenditure of Rs. 0.61 Cr (2017-18: Nil) incurred at the Company's inhouse R&D facility at Dindigul are eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961.
- Additions in capital expenditure of Rs.3.64 Cr (2017-18: 0.44 Cr) incurred by the Company for in house R&D facility at Dindigul are eligible for deduction under section 35(1)(iv) of the Income Tax Act, 1961.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| 5 Capital Work-in-progress | | |
| Capital Work in progress * | 7.85 | 24.14 |
| | 7.85 | 24.14 |
| * Additions in capital work in progress of Rs.0.018 Cr (2017-18: Nil) incurred by the Company for R&D facility at Dindigul are eligible for deduction under section 35(1)(iv) of the Income Tax Act, 1961. | | |
| 6 Non-current investments | | |
| Trade Quoted | | |
| Investments in Equity instruments Others FVTPL | | |
| 480 (Previous Year 480) Equity Shares of Rs. 10/- each in Indian Overseas Bank | 0.00 | 0.00 |
| Investments in Mutual Funds FVTPL | | |
| 1,94,490 (Previous Year 1,94,490) Units of Rs. 10/- each in Reliance Equity -Advantage Fund | 0.02 | 0.02 |
| Trade Unquoted | | |
| Investments in Associate Companies (At Cost) | | |
| 36,400 (Previous Year 10,400) Equity Shares of Rs. 100/- each in Annai Power Private Limited | 0.36 | 0.10 |
| 26,000 (Previous Year 26,000) Equity Shares of Rs. 10/- each in Nagalakshmi Energy Private Limited | 0.02 | 0.02 |
| Investments in Subsidiary Companies (At Cost) | | |
| 10,000 (Previous Year 10,000) Equity Shares of SGD 10/- each in Naga Far East Private Limited | 0.49 | 0.49 |
| 9,641 (Previous Year 997) Equity Shares of BDT 10/- each in Naga Mills Private Limited | 0.01 | 0.00 |
| Share Application Money in Naga Mills Private Limited | - | 0.01 |
| Investments in Equity instruments Others FVTPL | | |
| 21,960 (Previous Year 21,960) Class A Equity Shares of Rs. 10/- each in Mojro Technologies Private Limited | 1.50 | 1.50 |
| | 2.40 | 2.14 |
| Total non-current investments | | |
| Aggregate amount of quoted investments | 0.02 | 0.02 |
| Aggregate market value of quoted investments | 0.02 | 0.02 |
| Aggregate cost of unquoted investments | 2.38 | 2.12 |
| Aggregate amount of impairment in value of investments | - | - |
| Category wise Non-Current investments | | |
| Financial Assets measured at amortized cost | - | - |
| Financial Assets measured at cost | 0.88 | 0.62 |
| FVTPL | 1.52 | 1.52 |
| FVOCI | - | - |
| 7 Other non-current financial assets | | |
| (Unsecured, considered good) | | |
| Security Deposits | 1.89 | 1.38 |
| Bank deposits maturing after 12 months from the reporting date * | 2.78 | - |
| | 4.67 | 1.38 |
| * Represents balances with banks that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date. | | |
| 8 Other non-current assets | | |
| (Unsecured, considered good) | | |
| Capital advances | 2.96 | 4.15 |
| Advance income-tax and Tax Deducted at Source (Net of provision for Income Tax Rs. 6.10 Cr) (PY Rs. 12.15 Cr) | 1.18 | - |
| Rent deposits | 0.83 | 0.95 |
| Statutory Deposits | 0.06 | 0.08 |
| | 5.03 | 5.18 |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| 9 Inventories * | | |
| Raw Materials ** | 54.74 | 129.04 |
| Work-in-progress | 1.61 | 1.43 |
| Finished products *** | 6.65 | 7.56 |
| Packing materials | 4.28 | 3.10 |
| Stores and spares ** | 6.37 | 6.14 |
| | <u>73.65</u> | <u>147.27</u> |
| * For method of valuation please refer note no 2.11 (Please refer Note 21 for security created on Inventories) | | |
| ** Includes Material in Transit | | |
| *** Finished goods includes good purchased for re-sale, as both are stocked together | | |
| 10 Trade receivables | | |
| Receivables considered good, Secured | - | - |
| Receivables considered good, Unsecured | 50.32 | 50.89 |
| Receivables which have significant increase in Credit Risk | - | - |
| Receivables-credit impaired | - | - |
| | <u>50.32</u> | <u>50.89</u> |
| Less: Allowance for Expected Credit Loss | - | - |
| | <u>50.32</u> | <u>50.89</u> |
| (Please refer Note 21 for security created on Receivables) (Please refer Note 44 for dues from related parties) | | |
| 11 Cash and cash equivalents | | |
| Cash- on- Hand | 0.17 | 0.17 |
| Balances with Banks In Current Account | 4.38 | 5.35 |
| | <u>4.55</u> | <u>5.52</u> |
| 12 Other Bank Balances | | |
| In fixed deposits | - | - |
| In Margin money with Banks Maturing within 12 months from the reporting date | 4.93 | 21.23 |
| More than 12 months | - | - |
| In Earmarked Accounts Unpaid Dividend Account | 0.03 | 0.02 |
| | <u>4.96</u> | <u>21.25</u> |
| 13 Current assets: Financial assets - Loans (Unsecured, considered good) | | |
| Loans and advances to employees | 0.41 | 0.33 |
| | <u>0.41</u> | <u>0.33</u> |
| 14 Other current assets (Unsecured, considered good) | | |
| Income receivable | 3.58 | 0.36 |
| Prepaid Expenses & Insurance | 1.28 | 1.26 |
| GST Receivable | 0.97 | 0.06 |
| Claims Recoverable * | 0.90 | - |
| Advances to Suppliers | 2.47 | 26.84 |
| Expenses recoverable from subsidiaries ** | 0.07 | 0.04 |
| | <u>9.27</u> | <u>28.56</u> |

* Claims recoverable include Rs.0.68 Cr towards Customs Duty & Rs. 0.22 Cr insurance claims

** Forms a part of outstanding balances as disclosed under Note No.42. Advances given for preliminary expenses

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| 15 Capital | | |
| Authorised Share Capital | | |
| 2,75,00,000 Equity Shares of Rs 10/- each | 27.50 | 27.50 |
| | 27.50 | 27.50 |
| Issued, Subscribed and fully paid up Share Capital | | |
| 1,42,48,000 Equity Shares of Rs10/- each fully paid (Of the above shares 98,01,000 Equity Shares were allotted pursuant to scheme of amalgamation for consideration other than cash) | 14.25 | 14.25 |
| | 14.25 | 14.25 |

Notes:
(a) Reconciliation of number of equity shares subscribed

| | | |
|---------------------------------|-------------|-------------|
| At the Beginning and at the End | 1,42,48,000 | 1,42,48,000 |
|---------------------------------|-------------|-------------|

(b) Shareholders holding more than 5% of the total share capital

| Name of the share holder | March 31, 2019 | | March 31, 2018 | |
|--|-----------------------|--------------|-----------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Sri. K.S. Kamalakannan | 60,70,570 | 42.61% | 60,70,570 | 42.61% |
| Smt. Mageswari Kannan | 18,55,220 | 13.02% | 18,55,220 | 13.02% |
| M/s. Lakme Investment & Finance Ltd., | 14,12,945 | 9.92% | 14,12,945 | 9.92% |
| M/s. Pluris Global Holding (India) Ltd., | 14,10,567 | 9.90% | 14,10,567 | 9.90% |
| M/s. M.M.Detergents Company (P) Ltd., | 10,24,000 | 7.19% | 10,24,000 | 7.19% |
| Sri. Sounder Kannan | 8,17,855 | 5.74% | 8,17,855 | 5.74% |

(c) Terms/Rights attached to Equity Shares

The equity shares of the Company having par-value of Rs.10/- per share rank pari-pasu in all respects including voting rights, dividend entitlement and repayment of capital.

16 Other Equity

| | | |
|----------------------------|---------------|--------------|
| Capital Reserves | 0.11 | 0.11 |
| Securities Premium Account | 1.36 | 1.36 |
| General Reserve | 2.92 | 2.71 |
| Retained Earning | 108.27 | 91.73 |
| Other Comprehensive Income | (0.36) | (0.27) |
| Total | 112.30 | 95.64 |

a) Capital Reserve

| | | |
|--|------|------|
| Balance at the beginning and end of the year | 0.11 | 0.11 |
|--|------|------|

b) Securities Premium Reserve

| | | |
|--|------|------|
| Balance at the beginning and end of the year | 1.36 | 1.36 |
|--|------|------|

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| c) General Reserve | | |
| Balance at the beginning of the year | 2.71 | 2.50 |
| Additions during the year | 0.21 | 0.21 |
| Deductions/Adjustments during the year | - | - |
| Balance at the end of the year | 2.92 | 2.71 |
| d) Retained earnings | | |
| Balance at the beginning of the year | 91.73 | 71.16 |
| Net profit for the period | 18.12 | 22.15 |
| Transfers to General Reserve | (0.21) | (0.21) |
| Dividend paid during the year | (1.14) | (1.14) |
| Tax paid on proposed dividend | (0.23) | (0.23) |
| Ind AS adjustments | - | - |
| Balance at the end of the year | 108.27 | 91.73 |
| e) Other Comprehensive Income | | |
| Balance at the beginning of the year | (0.27) | (0.16) |
| Additions during the year | (0.09) | (0.11) |
| Deductions/Adjustments during the year | - | - |
| Balance at the end of the year | (0.36) | (0.27) |

Description of nature and purpose of each reserve.
General Reserve

General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of Equity to another and is not an item of Other Comprehensive Income. It is a free reserve created to enhance the Net Worth of the Company.

Capital Reserve

Capital Reserve represents gain of a capital nature and is not available for dividend declaration.

Securities Premium Account

Securities Premium account records the premium component on issue of shares and can be utilised in accordance with the provisions of Companies Act, 2013.

17 Long Term Borrowings*

| | | |
|---|---------------|---------------|
| Secured - At Amortized Cost | | |
| Term loans from Banks | 115.63 | 115.70 |
| Term loans from Financial Institutions | 4.39 | 3.16 |
| Unsecured - At Amortized Cost | | |
| Term loans from Financial Institutions | - | 2.82 |
| Loans and Advances from Related Parties | - | 2.01 |
| | 120.02 | 123.69 |

* Refer Note 42 for repayment terms and security details

- (i) Term Loans from Banks, including its current maturities (Refer Note No. 23) are secured by Mortgage of Immovable properties consisting of land, buildings, fixed plant and machinery, fixtures and fittings.

(ii) Term Loans Outstanding, Rates of Interest & Terms of Repayment

| S. No. | Nature of Facility | Division | Bank | Outstanding as 31st March 2019 (Rs. In Cr.)* | Present Interest Rate (% p.a) | No. of Installments pending | Repayment Tenure | Last Installment falling Due on |
|--------|--------------------|----------|----------|--|-------------------------------|-----------------------------|------------------|---------------------------------|
| 1 | TERM LOAN - 1 | NLFD | INDUSIND | 6.98 | 10.80% | 57 | QUARTERLY | DECEMBER 2023 |
| 2 | TERM LOAN - 2 | NLDV | SCB | 6.22 | 10.40% | 10 | QUARTERLY | MAY 2021 |
| 3 | TERM LOAN - 3 | NLFD | SCB | 10.31 | 9.75% | 15 | QUARTERLY | OCTOBER 2022 |
| 4 | TERM LOAN - 4 | NLDV | SCB | 18.94 | 9.75% | 15 | QUARTERLY | OCTOBER 2022 |
| 5 | TERM LOAN - 5 | NLED | ICICI | 6.50 | 9.60% | 65 | MONTHLY | AUGUST 2024 |
| 6 | LAP - 1 | NLFD | HDFC | 20.31 | 10.00% | 73 | MONTHLY | APRIL 2025 |
| 7 | LAP - 2 | NLFD | HDFC | 10.58 | 9.65% | 73 | MONTHLY | APRIL 2025 |
| 8 | LAP - 3 | NLFD | SBI | 15.93 | 10.40% | 83 | MONTHLY | FEBRUARY 2026 |
| 9 | LAP - 4 | NLFD | FICCL | 4.39 | 11.95% | 104 | MONTHLY | NOVEMBER 2027 |
| 10 | LAP - 5 | NLFD | BAJAJ | - | 11.90% | - | - | - |
| 11 | LAP - 6 | NLBD | IDBI | 15.16 | 9.90% | 157 | MONTHLY | JUNE 2032 |
| 12 | LAP - 7 | NLFD | IDBI | 2.89 | 10.60% | 154 | MONTHLY | MARCH 2032 |
| 13 | LAP - 8 | NLED | KVB | 1.01 | 12.00% | 6 | QUARTERLY | SEPTEMBER 2019 |
| 14 | LAP - 9 | NLFD | KVB | 18.00 | 10.60% | 72 | QUARTERLY | MARCH 2025 |
| 15 | VEHICLE LOAN-1 | NLFD | ICICI | 0.03 | 9.50% | 5 | MONTHLY | AUGUST 2019 |
| 16 | VEHICLE LOAN-2 | NLRD | HDFC | 0.39 | 7.90% | 42 | MONTHLY | SEPTEMBER 2022 |
| 17 | VEHICLE LOAN-3 | NLRD | HDFC | 0.40 | 7.90% | 42 | MONTHLY | SEPTEMBER 2020 |
| 18 | VEHICLE LOAN-4 | NLRD | HDFC | 0.11 | 8.45% | 19 | MONTHLY | OCTOBER 2020 |
| 19 | VEHICLE LOAN-5 | NLDV | HDFC | 0.03 | 9.55% | 7 | MONTHLY | OCTOBER 2019 |
| 20 | VEHICLE LOAN-6 | NLDV | HDFC | 0.54 | 9.25% | 32 | MONTHLY | NOVEMBER 2021 |
| 21 | VEHICLE LOAN-7 | NLMD | HDFC | 0.29 | 8.00% | 41 | MONTHLY | AUGUST 2022 |
| 22 | VEHICLE LOAN-8 | NLMD | HDFC | 1.15 | 8.59% | 40 | MONTHLY | JULY 2022 |
| 23 | VEHICLE LOAN-9 | NLLD | HDFC | 0.25 | 8.60% | 50 | MONTHLY | JULY 2022 |
| 24 | VEHICLE LOAN-10 | NLLD | HDFC | 3.95 | 9.15% | 40 | MONTHLY | JULY 2022 |
| 25 | VEHICLE LOAN-11 | NLLD | HDFC | 0.29 | 9.15% | 40 | MONTHLY | JULY 2022 |
| 26 | VEHICLE LOAN-12 | NLLD | HDFC | 0.25 | 9.30% | 6 | MONTHLY | SEPTEMBER 2019 |
| 27 | VEHICLE LOAN-13 | NLLD | HDFC | 0.07 | 9.30% | 5 | MONTHLY | AUGUST 2019 |
| 28 | VEHICLE LOAN-14 | NLLD | HDFC | 1.05 | 8.61% | 10 | MONTHLY | JANUARY 2020 |

*The Outstanding includes current maturities of Long Term Debt. (Refer Note No. 23).

Default in Repayment of principal and Interest - NIL

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | | |
|--|-------------------------|--|----------------------|-------------------------|
| 18 Other non current financial liabilities | | | | |
| Rental and Lease Advances | 0.98 | 1.05 | | |
| | <u>0.98</u> | <u>1.05</u> | | |
| 19 Provisions (Non-current) * | | | | |
| Provision for gratuity - Directors | 1.64 | 1.51 | | |
| Provision for gratuity - Employees | 0.24 | 0.16 | | |
| * Refer Note No. 43 | <u>1.88</u> | <u>1.67</u> | | |
| 20 Deferred Tax Liability/ (Asset) - Net | | | | |
| | As at March 31, 2018 | Recognised in P&L during 2018-19 | OCI 2018-19 | As at March 31, 2019 |
| As at March 31, 2019 | | | | |
| <u>Deferred Tax Liabilities</u> | | | | |
| Difference between written down value / Capital Work in Progress of Fixed Assets as per books of accounts and Income Tax Act, 1961. | 18.86 | 1.40 | - | 20.26 |
| Total | 18.86 | 1.40 | - | 20.26 |
| <u>Deferred Tax Assets</u> | | | | |
| Expenses allowed on payment | 0.16 | - | 0.04 | 0.20 |
| Total | 0.16 | - | 0.04 | 0.20 |
| Deferred Tax Liabilities (Net) | <u>18.70</u> | <u>1.40</u> | <u>(0.04)</u> | <u>20.06</u> |
| | As at March 31, 2017 | Recognised in P&L during 2017-18 | OCI 2017-18 | As at March 31, 2018 |
| As at March 31, 2018 | | | | |
| <u>Deferred Tax Liabilities</u> | | | | |
| Difference between written down value/ Capital Work in Progress of Fixed Assets as per books of accounts and Income Tax Act, 1961. | 16.17 | 2.69 | - | 18.86 |
| Total | 16.17 | 2.69 | - | 18.86 |
| <u>Deferred Tax Assets</u> | | | | |
| Expenses allowed on payment | 0.09 | - | 0.07 | 0.16 |
| Total | 0.09 | - | 0.07 | 0.16 |
| Deferred Tax Liabilities (Net) | <u>16.08</u> | <u>2.69</u> | <u>(0.07)</u> | <u>18.70</u> |
| 21 Current liabilities - Financial Liabilities: Borrowings | | | | |
| a) Secured - At Amortised Cost | | | | |
| From banks * | | | 50.76 | 136.33 |
| | | | <u>50.76</u> | <u>136.33</u> |

* Secured by pari-passu charge on inventories and trade receivables and are repayable on demand

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| 22 Trade payables | | |
| a) Total Outstanding dues of Micro, Small and Medium Enterprises. | 1.37 | 1.53 |
| b) Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises | 13.27 | 12.00 |
| | <u>14.64</u> | <u>13.53</u> |
| <p>(i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.</p> <p>(ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows</p> | | |
| | 2018-19 | 2017-18 |
| i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year. | 1.37 | 1.53 |
| ii) 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 each accounting year. | Nil | Nil |
| iii) Interest due and payable for the year 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 | Nil |
| iv) Interest accrued and remaining unpaid at the end of each accounting year: | Nil | Nil |
| v) 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 current financial liabilities | | |
| Forward contract payable | - | 0.18 |
| Current maturities of long-term borrowings | 26.00 | 17.75 |
| Book Overdraft with Banks | 1.39 | 2.57 |
| | <u>27.39</u> | <u>20.50</u> |
| 24 Other current liabilities | | |
| Unclaimed /Unpaid dividends | 0.03 | 0.02 |
| Advances received for supply of goods | 3.20 | 26.70 |
| Expenses Payable * | 0.96 | 5.71 |
| Statutory Dues Payable to government authorities | 3.40 | 3.52 |
| | <u>7.59</u> | <u>35.95</u> |
| * Please refer Note No. 44 for dues to related parties | | |
| 25 Provisions (Current) | | |
| Provision for gratuity * | 0.14 | 0.13 |
| Provision for taxation (Net of Advance Tax) | - | 1.51 |
| * Refer Note No.43 | <u>0.14</u> | <u>1.64</u> |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| 26 Revenue from operations | | |
| Sale of Products | | |
| Manufactured Products | | |
| Wheat and Wheat Products | 649.76 | 564.48 |
| Minerals | 33.79 | 37.08 |
| Traded Goods | | |
| Wheat and Minerals | <u>93.71</u> | <u>251.43</u> |
| | <u>777.26</u> | <u>852.99</u> |
| Sale of services | | |
| Grinding Charges | 4.71 | 3.37 |
| Conversion Charges | 44.09 | 31.85 |
| Warehousing Charges | - | 1.92 |
| Weighbridge Income | 0.55 | 0.48 |
| Windmill Income | 0.21 | - |
| Lorry Income | <u>4.56</u> | <u>2.47</u> |
| | 54.12 | 40.09 |
| Other Operating Income | | |
| Sale of scrap | <u>5.81</u> | <u>0.84</u> |
| | <u>837.19</u> | <u>893.92</u> |
| 27 Other income | | |
| Interest Income | 1.06 | 1.60 |
| Profit on sale of fixed assets (net) | 0.09 | 0.50 |
| Profit on sale of Investments (net) | - | 0.33 |
| Rent Receipts | 6.08 | 3.86 |
| Others - miscellaneous receipts | 4.85 | 2.00 |
| MTM gain on forward contracts | <u>2.05</u> | <u>0.66</u> |
| | <u>14.13</u> | <u>8.95</u> |
| 28 Cost of materials consumed | | |
| Wheat | 529.34 | 433.08 |
| Minerals | <u>24.05</u> | <u>22.02</u> |
| | <u>553.39</u> | <u>455.10</u> |
| 29 Purchases of Stock in Trade | | |
| Wheat | 87.25 | 247.58 |
| Minerals | <u>-</u> | <u>0.52</u> |
| | <u>87.25</u> | <u>248.10</u> |
| 30 Changes in inventories of work-in-progress, stock in trade and finished goods | | |
| Opening Stock | | |
| Work-in-Progress | 1.43 | 1.12 |
| Finished Goods | <u>7.56</u> | <u>5.56</u> |
| | <u>9.00</u> | <u>6.68</u> |
| Closing Stock | | |
| Work-in-Progress | 1.61 | 1.43 |
| Finished Goods | <u>6.65</u> | <u>7.56</u> |
| | <u>8.27</u> | <u>9.00</u> |
| Total changes in inventories | <u>0.73</u> | <u>(2.32)</u> |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| 31 Employee benefits expense | | |
| Salaries, wages and bonus | 30.51 | 25.27 |
| Contribution to provident and other funds * | 2.61 | 2.23 |
| Staff Welfare Expenses | 1.66 | 1.45 |
| Directors' Remuneration | 2.37 | 3.52 |
| * Refer Note No.43(1) | | |
| | 37.15 | 32.47 |
| 32 Depreciation and amortisation expense | | |
| Depreciation of property, plant and equipment | 27.42 | 25.29 |
| | 27.42 | 25.29 |
| 33 Other expenses | | |
| Manufacturing Expenses | | |
| Production Expenses | 9.52 | 8.52 |
| Power and Fuel | 12.77 | 8.60 |
| Repairs to Machinery | 8.87 | 8.88 |
| Laboratory Expenses | 1.93 | 0.09 |
| | (A) 33.09 | 26.09 |
| Selling and Distribution Expenses | | |
| Advertisement | 1.36 | 1.38 |
| Brokerage and Commission | 0.78 | 0.72 |
| Discount & Claims and Settlement | 1.17 | 0.87 |
| Sales Promotion | 6.85 | 2.30 |
| Freight and Handling | 11.79 | 12.34 |
| | (B) 21.95 | 17.61 |
| Establishment Expenses | | |
| Annual Maintenance Charges | 1.87 | 1.71 |
| Bank Charges and Commission | 1.08 | 2.22 |
| Foreign Currency Fluctuation | - | 0.09 |
| Bad Debts | 0.38 | 0.15 |
| Repairs to Buildings | 1.60 | 1.44 |
| Printing & Stationery | 0.32 | 0.29 |
| Subscription | 0.06 | 0.04 |
| Telephone | 0.31 | 0.30 |
| Professional Charges | 1.64 | 2.08 |
| Payments to auditors [refer note 33 (a)] | 0.06 | 0.04 |
| Directors' Sitting Fees | 0.03 | 0.02 |
| Security Charges | 1.16 | 1.07 |
| Legal Expenses | 0.09 | 0.11 |
| Donations | 0.43 | 0.42 |
| Travelling & Vehicle Maintenance | 13.01 | 12.17 |
| Insurance | 1.56 | 0.96 |
| Rates, Licence and Taxes | 1.64 | 1.11 |
| Pooja Expenses | 0.11 | 0.08 |
| Postage | 0.11 | 0.03 |
| Computer Maintenance | 0.31 | 0.30 |
| Rent & Electricity | 6.45 | 4.84 |
| CSR Expenses [refer note 33 (b)] | 1.08 | 0.17 |
| Windmill Expenses | 1.53 | 1.34 |
| Expenditure on Scientific Research - Revenue | 0.82 | 0.11 |
| Loss on fair valuation of investments | - | 0.30 |
| Other expenses | - | 0.17 |
| | (C) 35.65 | 31.56 |
| Total Other Expenses (A+B+C) | 90.69 | 75.26 |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| 33(a) Payment to auditors | | |
| As Auditors | 0.05 | 0.03 |
| Taxation Matters | 0.01 | 0.01 |
| | <u>0.06</u> | <u>0.04</u> |
| 33(b) Expenditure on Corporate Social Responsibility | | |
| Gross amount required to be spent on Corporate Social Responsibility | | |
| (i) Brought Forward | 0.66 | 0.44 |
| (ii) During the year | 0.56 | 0.39 |
| | <u>1.22</u> | <u>0.83</u> |
| Amount spent during the year on | | |
| (i) Construction and/ or acquisition of any asset | 0.85 | - |
| (ii) Other purposes [other than (i) above] | 0.23 | 0.17 |
| | <u>1.08</u> | <u>0.17</u> |
| Amount unspent during the year | <u>0.14</u> | <u>0.66</u> |
| 34 Finance Cost * | | |
| Interest Paid - Banks | 22.92 | 28.80 |
| - Others | 6.15 | 3.18 |
| * Finance Cost is net of interest capitalised of Rs. 1.24 Cr (PY Rs. 1.50 Cr) | <u>29.07</u> | <u>31.98</u> |
| 35 Income tax expense | | |
| (a) Major Components of Income Tax Expenses | | |
| Current tax | | |
| Current tax on the Taxable Income for the year | 6.10 | 12.15 |
| | <u>6.10</u> | <u>12.15</u> |
| Deferred tax | | |
| Deferred Tax Liabilities on account of Depreciation | 1.40 | 2.69 |
| | <u>1.40</u> | <u>2.69</u> |
| Income tax expense | <u>7.50</u> | <u>14.84</u> |
| b) Reconciliation of Tax Expense and the Accounting Profit for the year is as under : | | |
| Enacted income tax rate in India applicable to the Company | 34.61% | 34.61% |
| Profit Before Tax | 25.62 | 36.99 |
| Current tax expense on profit before tax at the enacted Income Tax rate in India | 8.87 | 12.80 |
| Tax effect of the amounts which are not deductible/ (taxable) in calculated taxable income | (2.77) | (0.65) |
| Income tax expense | <u>6.10</u> | <u>12.15</u> |
| Effective Rate of Tax | <u>23.81%</u> | <u>32.85%</u> |
| 36 Earnings per share (Face value per share Rs. 10) | | |
| Profit for the year attributable to owners of the Company | 18.12 | 22.15 |
| Weighted average number of ordinary shares outstanding | 14248000 | 14248000 |
| Basic earnings per share (Rs) | 12.72 | 15.55 |
| Diluted earnings per share (Rs) | 12.72 | 15.55 |
| 37 Foreign exchange earnings and Outgo | | |
| Foreign exchange earnings | 4.04 | 0.93 |
| Foreign exchange Outgo | 21.23 | 243.04 |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

38 Contingent liabilities and Commitments

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| a) Contingent Liability | | |
| 1. Counter Guarantees | 15.94 | 99.50 |
| 2. Disputed Electricity Tax-Pending before Hon'ble Supreme Court | 0.58 | 0.56 |
| 3. Disputed deemed demand for minimum charges pending before Hon'ble High Court of Madras | 0.12 | 0.12 |
| b) Commitments | | |
| 1. Estimated amount of Contracts remaining to be executed on Capital account not provided for | 0.25 | 2.81 |
| 2. The Company has filed compounding applications and representations before NCLT/ RD, ROC in response to Show Cause Notices issued by the ROC for non-compliance of certain provisions of the Companies Act, 1956/ 2013, based on inspection conducted u/s 209(A)/206(5) of the Companies Act 1956/2013. | - | 0.02 |

39 Operating Segments

The Company is engaged in the business of "Wheat Products, Minerals, Detergents and in Generation of Power" and has two reportable segment. As per Ind As 108 "Operating Segments" the same is presented as part of Consolidated Financial Statement.

40 Operating lease arrangements

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| As Lessor | | |
| The Company has entered into operating lease arrangements for certain surplus facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. | | |
| Total lease income recognised in the Statement of Profit and Loss | 6.08 | 3.86 |

41 Financial Instruments
Capital Management

The Company adheres to a cautious Capital management that seeks to trigger growth creation and maximisation of shareholders' value. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company. The Company has been funding its growth and acquisition plans and working capital requirements through a balanced approach of internal accruals and external debt from banks. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the over all debt component of the Company.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

The Following table summarises the capital of the Company:

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Equity | 126.55 | 109.89 |
| Debt | 196.78 | 277.77 |
| Cash and Cash Equivalents | 9.51 | 26.77 |
| Net Debt | 187.27 | 251.00 |
| Total Equity(Equity + Net Debt) | 313.82 | 360.89 |
| Net Debt to Capital Ratio (No of Times) | 0.60 | 0.70 |

| Categories of Financial Instruments | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Financial assets | | |
| a. Measured at amortised cost | | |
| Other non-current financial assets | 4.67 | 1.38 |
| Trade receivables | 50.32 | 50.89 |
| Cash and cash equivalents | 4.55 | 5.52 |
| Bank balances other than above | 4.96 | 21.25 |
| Loans given (current) | 0.41 | 0.33 |
| b. Mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Investments (non-current) | 2.40 | 2.14 |
| Derivative instruments | - | - |
| Financial liabilities | | |
| a. Measured at amortised cost | | |
| Borrowings (Non-current) | 120.02 | 123.69 |
| Other non-current financial liabilities | 0.98 | 1.05 |
| Borrowings (Current) | 50.76 | 136.33 |
| Trade payables | 14.64 | 13.53 |
| b. Mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Derivative instruments | 0.13 | 0.18 |

Financial risk management
Objectives and Policies

The Company's financial liabilities comprises mainly of term loan borrowings, trade payables and other payables. The Company's financial assets comprises mainly of cash and cash equivalents, other balances with banks, trade receivables and investments. The Company has financial risk exposure in the form of market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarises the exposure to the financial risks.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises of three types of risk-currency risk, interest risk and other price risk. The financial instruments affected by market risk includes Rupee Term Loan and Loans and Advances.

a) Interest rate exposure

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 has availed significant Rupee Term Loan at floating rate of interest. The Company has not entered into any of the interest rate swaps and hence is exposed to interest rate risk.

Interest rate sensitivity Analysis

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole of the year. A 25 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

| Impact on Profits before Tax | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Interest rates - Increase by 25 basis points | (0.36) | (0.35) |
| - Decrease by 25 basis points | 0.36 | 0.35 |

The increase /decrease in interest rate expense is mainly attributable to Company's exposure to interest rates on its variable rate of borrowings. The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant.

b) Foreign Currency risk exposure

The Company imports wheat, minerals, stores & spares and capital goods for which payables are denominated by foreign currency. The Company is exposed to foreign currency risk on these transactions. The Company follows a conservative and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity coterminous with the maturity period of foreign currency liabilities (underlying). In respect of exports, exports are made against advances received. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

c) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices. The Company's investment in fixed deposits with banks is fixed and hence there is no risk price movement arising to the Company. The Company's equity investments in its Subsidiaries and Associates is for strategic purpose and not held for trading. They are carried at cost and hence are not subject to price related risk. Other investments in equity instruments are held with a view to hold them for long term basis and not for trading.

Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2019

| Currency | Liabilities | | | Assets | | | Net overall exposure on the currency - net assets / (net liabilities) |
|----------|----------------|-----------------------------------|--|----------------|-----------------------------------|------------------------------------|---|
| | Gross exposure | Exposure hedged Using derivatives | Net liability exposure on the currency | Gross exposure | Exposure hedged Using derivatives | Net asset exposure on the currency | |
| USD | 0.61 | 0.54 | 0.06 | - | - | - | - |
| EURO | 0.03 | - | 0.03 | - | - | - | - |
| In INR | 43.08 | 35.47 | 7.61 | - | - | - | - |

As on March 31, 2018

| Currency | Liabilities | | | Assets | | | Net overall exposure on the currency - net assets / (net liabilities) |
|----------|----------------|-----------------------------------|--|----------------|-----------------------------------|------------------------------------|---|
| | Gross exposure | Exposure hedged Using derivatives | Net liability exposure on the currency | Gross exposure | Exposure hedged Using derivatives | Net asset exposure on the currency | |
| USD | 0.14 | 0.14 | - | - | - | - | - |
| In INR | 41.48 | 41.48 | - | - | - | - | - |

2 Credit Risk

The credit risk refers to risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets as trade receivables, bank balances, other balances with banks and other receivables. The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counter parties are Public sector Banks.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Trade receivables consists of a large number of customers. The Company has established a credit policy under which every customer is analysed for credit worthiness. Major customers places advances. The Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes provision at each reporting period wherever outstanding is for longer period and involves higher risk.

3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Company manages the liquidity risk by i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds ii) making available the funds from realising timely maturities of financial assets to meet obligations when due. The liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

Financial arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period :

| | March 31, 2019 | March 31, 2018 |
|--------------------------|----------------|----------------|
| Expiring within one year | 92.22 | 89.67 |
| Expiring beyond one year | - | - |

The Company makes an annual /long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities.

42 Details of Long Term Borrowings

Repayment Terms and Security Details of Long Term Borrowings

- (i) Term loan from The Standard Chartered Bank amounting to Rs.35.47 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs.41.48 Cr) is primarily secured on hypothecation of the assets purchased under the loan and collaterally secured by equitable mortgage on land measuring 4.01 acres at Vedasandur and personal assets of some of the Executive Directors. External commercial borrowings is fully hedged.
- (ii) Term loan from The ICICI Bank Limited amounting to Rs.6.53 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 7.82 Cr) is primarily secured by hypothecation of the assets purchased under vehicle loan.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

- (iii) Term loan from The HDFC Bank Limited amounting to Rs. 39.66 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 34.88 Cr) is primarily secured on the assets purchased under the loan and personal assets of some of the Executive Directors
- (iv) Term loan from The IDBI Bank Limited amounting to Rs.18.05 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs.18.66 Cr) is primarily secured on the land and building situated at No.133, Trichy Road, Dindigul - 624 005.
- (v) Term loan from The Karur Vysya Bank Limited amounting to Rs.19.01 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 3.75 Cr) is primarily secured by equitable mortgage on Agri Godown located at Dindigul.
- (vi) Term loan from The State Bank of India amounting to Rs.15.93 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs.16.42 Cr) is primarily secured on equitable mortgage of the assets of the Company located at Trichy.
- (vii) Term loan from IndusInd Bank Ltd amounting to Rs.6.98 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 8.87 Cr) is primarily secured by hypothecation on the assets purchased under the loan and land at Seelapadi Village, Dindigul.
- (viii) Term loan from Daimler Benz amounting to Nil outstanding as at 31.03.2019 (Previous year Rs.0.04 Cr) is primarily secured by hypothecation of the assets purchased under vehicle loan.
- (ix) Term loan from Fullerton India Credit Company Limited amounting to Rs. 4.39 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 4.70 Cr) is secured on the personal assets of some of the Executive Directors.
- (x) Term loan from Bajaj Finance Limited amounting to Nil outstanding as at 31.03.2019 (Previous year Rs.2.82 Cr) is secured on the personal assets of some of the Executive Directors.

Note:

- a) The said loans are repayable in monthly / quarterly instalments.
- b) The Company does not have any continuing default as on the Balance Sheet date in the repayment of loan or interest.
- c) The loans have been guaranteed by some of the Directors of the Company in certain cases.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

43 Retirement benefit plans

1. Defined contribution plans

The Company makes Provident Fund which is defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the pay roll costs to fund the benefit. The Company recognised Rs 2.61 Cr (year ended 31.03.2018 Rs 2.23 Cr) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

2. Defined benefit plans

a) Gratuity

Gratuity to employees (funded) and Gratuity to Directors (non funded), the most recent actuarial valuation of the plan assets and in respect gratuity to employees scheme the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan (Employees) and Gratuity (Directors) of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the Gratuity (Employees) benefit through annual contribution and provision is made annually for Gratuity to Directors. The risks are as follows:

b) Compensated Absence

As per the policy of the Company the Compensated Absence is not accumulated

| | |
|------------------------|---|
| Investment risk | The probability or likelihood of occurrence of losses relative to the expected return on any particular investment. |
| Interest risk | The Plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of liability (as shown in financial statements). A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments. |
| Salary escalation risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future, based on past experience. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |
| Demographic Risk | The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions. |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| S.No. | Particulars | Post Employment Benefit | | | |
|------------|--|-------------------------|---------------|--------------------|-------------|
| | | Gratuity-Employees | | Gratuity-Directors | |
| | | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| i | <u>Changes in Defined Benefit Obligation</u> | | | | |
| | Present Value-Opening Balance | 2.07 | 1.71 | 1.51 | 1.28 |
| | Current Service Cost | 0.33 | 0.25 | 0.13 | 0.23 |
| | Interest Cost | 0.15 | 0.11 | - | - |
| | Past services cost | - | 0.08 | - | - |
| | Actuarial (Gains) Losses | 0.15 | 0.17 | - | - |
| | Benefits Paid | (0.18) | (0.25) | - | - |
| | Present Value- Closing Balance | 2.52 | 2.07 | 1.64 | 1.51 |
| ii | <u>Changes in Fair value of Plan Assets</u> | | | | |
| | Opening Balance | 1.78 | 1.47 | - | - |
| | Expected Return | 0.15 | 0.15 | - | - |
| | Actuarial (Gain) /Loss | 0.02 | (0.01) | - | - |
| | Contributions by Employer | 0.51 | 0.42 | - | - |
| | Benefits Paid | (0.18) | (0.25) | - | - |
| | Closing Balance | 2.28 | 1.78 | - | - |
| iii | <u>Amount recognised in the Balance Sheet</u> (as at the Year end) | | | | |
| | Present Value of Obligations | 2.52 | 2.07 | 1.64 | 1.51 |
| | Fair Value of Plan Assets | 2.28 | 1.78 | - | - |
| | Net Asset/(Liability) Recognised | 0.24 | 0.29 | 1.64 | 1.51 |
| iv | <u>Expenses recognised in the Statement of Profit and Loss</u> | | | | |
| | Current Service Cost | 0.33 | 0.25 | 0.13 | 0.23 |
| | Interest on Obligation | 0.13 | 0.15 | - | - |
| | Total included in Employee Benefit Expenses | - | - | - | - |
| | Expenses | 0.46 | 0.40 | 0.13 | 0.23 |
| v | <u>Expenses recognised in other Comprehensive Income</u> | | | | |
| | Remeasurement on the net defined benefit Liability | (0.13) | (0.18) | - | - |
| | Actuarial gains and losses arising from changes in financial assumptions | - | - | - | - |
| | Actuarial gains and losses arising from changes in experience adjustments | - | - | - | - |
| | Return on Plan assets | - | - | - | - |
| | Net Cost in other comprehensive Income | (0.13) | (0.18) | | |
| | Asset Information | | | | |
| | Insurer Managed | 100% | 100% | NA | NA |
| | Principal Actuarial Assumptions | | | | |
| | Discount Rate(%) | 7.62% | 7.71% | | |
| | Future Salary Increase(%) | 5.00% | 5.00% | | |
| | Expected Rate of Return on Plan Assets(%) | 7.40% | 7.50% | | |
| | Expected average remaining life of employees Years | 14.79 | 14.70 | | |
| | Expected Contribution(Rs in Cr) | - | - | | |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

The Company pays contributions to the insurer as determined by them. The Insurance Company has invested the plan assets in Govt securities, debt funds, equity shares, mutual funds and money market instruments. The expected rate of return on plan asset based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligations are discussed above.

44 Related party disclosure

a) List of parties having significant influence

Holding company The Company does not have any holding company

Subsidiaries and joint ventures Naga Far East Private Limited
Naga Mills Private Limited

Associate Companies Annai Power Private Limited
Nagalakshmi Energy Private Limited

Key management personnel

Sri. K.S. Kamalakannan Chairman and Managing Director
Smt. Mageswari Kannan Joint Managing Director
Sri. Sounder Kannan Whole Time Director
Sri. D. Vijay Anand Technical Director
Sri. T.R.Sivaraman Chief Financial Officer
Sri. V. Marikannan Company Secretary

Directors

Sri. L.A.Irudayaraj Independent Director
Dr. K.Venkatachalam Independent Director
Sri. S.Ramesh Independent Director
Sri. S.Neelakantan Independent Director

Relatives of Key Managerial Personnel

Smt. Lakshmi Vijay Anand
Smt. Monaa Kannan
Ms. M. Jayalalitha
Sri. M. Sukumar
Sri. A.M. Gopinath (Prop. Anugraha International)
Smt. Andal Gopinath

Enterprises over which key managerial are able to exercise significant influence

Rohini Enterprises
Nagalakshmi Charitable Trust
Naga Marine Industries Limited
M.M. Detergents Company Private Ltd.,
Naga Mills Limited

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

b) Transaction during the year

| S.No | Nature of transactions | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------|---|------------------------------|------------------------------|
| 1 | Annai Power Private Limited | | |
| | Wind Power Charges paid | 2.54 | 0.21 |
| | Rent Paid | 2.40 | 1.67 |
| 2 | Sri. K.S. Kamalakannan | | |
| | Remuneration | 0.72 | 1.48 |
| | Provision for gratuity * | 0.04 | 0.09 |
| | Rent Paid | 0.69 | 0.56 |
| | Interest Paid | 0.19 | 1.34 |
| | Dividend Paid | 0.49 | 0.49 |
| | Unsecured Loan - Received | 5.42 | 19.95 |
| | - Paid | 5.60 | 24.39 |
| 3 | Smt. Mageswari Kannan | | |
| | Remuneration | 0.61 | 0.85 |
| | Provision for gratuity * | 0.03 | 0.08 |
| | Interest Paid | 0.12 | 0.12 |
| | Dividend Paid | 0.15 | 0.15 |
| | Unsecured Loan - Received | 1.73 | 0.82 |
| | - Paid | 2.92 | 0.25 |
| 4 | Sri. Sounder Kannan | | |
| | Remuneration | 0.54 | 0.85 |
| | Dividend Paid | 0.07 | 0.07 |
| | Provision for gratuity * | 0.03 | 0.04 |
| | Rent Paid | 0.09 | 0.09 |
| | Interest Paid | 0.07 | 0.11 |
| | Unsecured Loan - Received | 1.03 | 1.97 |
| | - Paid | 1.68 | 2.48 |
| 5 | Sri. D. Vijayanand | | |
| | Salary | - | 0.17 |
| | Remuneration | 0.54 | 0.51 |
| | Provision for gratuity * | 0.03 | 0.02 |
| 6 | Sri. T.Nagarajan | | |
| | Remuneration | - | 0.20 |
| 7 | Sri. T.R. Sivaraman | | |
| | Remuneration | 0.15 | 0.02 |
| 8 | Sri. V. Marikannan | | |
| | Remuneration | 0.10 | 0.09 |
| 9 | Smt. Lakshmi Vijay Anand | | |
| | Salary | 0.27 | 0.24 |
| | Dividend Paid | 0.03 | 0.03 |
| 10 | Smt. Monaa Kannan | | |
| | Salary | 0.27 | 0.24 |
| 11 | Ms. M. Jayalalitha | | |
| | Salary | 0.27 | 0.24 |
| 12 | Sri. M. Sukumar | | |
| | Salary | 0.18 | 0.15 |
| 13 | Sri. A.M.Gopinath (Prop. Anugraha International) | | |
| | Commission Paid | 0.09 | 0.08 |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| S.No | Nature of transactions | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------|---|---|---|
| 14 | Smt.Andal Gopinath Commission Paid | 0.06 | 0.02 |
| 15 | Naga Mills Limited Rental Income | 0.00 | 0.00 |
| 16 | Naga Marine Industries Limited Rent Paid | 0.14 | 0.12 |
| 17 | Nagalakshmi Charitable Trust Donation | 0.37 | 0.40 |
| 18 | Nagalakshmi Energy Private Limited Freight Charges Paid Purchase of Wind Energy | 0.20 1.44 | 0.01 - |
| 19 | M.M. Detergents Company Private Limited Purchases Sales Rental Income Reimbursement of Expenses Purchase - Assets Plant and Machinery rent and maintenance expenses Conversion Income | 172.20 0.83 0.25 - 0.32 0.04 0.07 | 41.02 25.18 0.04 1.85 - 0.08 0.08 |

* Gratuity entitlement is provided but not drawn by the Managerial persons.

c) Balances at the end of the year

| S.No | Nature of transactions | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------|--|------------------------------|------------------------------|
| 1 | Sri. K.S. Kamalakannan Unsecured Loans Remuneration payable | - 0.06 | 0.18 1.51 |
| 2 | Smt. Mageswari Kannan Unsecured Loans Remuneration payable | - 0.06 | 1.18 0.89 |
| 3 | Sri. Sounder Kannan Unsecured Loans Remuneration payable | - 0.05 | 0.65 0.65 |
| 4 | Sri. D. Vijay Anand Remuneration payable | 0.05 | 0.25 |
| 5 | Naga Mills Private Limited Expenses Recoverable | 0.05 | 0.02 |
| 6 | Naga Far East Private Limited Expenses Recoverable | 0.02 | 0.02 |
| 7 | M.M. Detergents Company Private Limited Debtors & Others Receivables | - | 17.81 |

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

d) Transaction summary with related parties

| Particulars | Subsidiaries | Associate Companies | Key Management Personnel | Relatives of Key Management Personnel | Enterprises Over Key Managerial are able to exercise significant Influence | Total |
|---|----------------|---------------------|--------------------------|---------------------------------------|--|-------------------|
| Sales | - - | - - | - - | - - | 0.83 [25.18] | 0.83 [25.18] |
| Purchases | - - | - - | - - | - - | 172.52 [41.02] | 172.52 [41.02] |
| Wind Power Charges paid | - - | 3.98 [0.21] | - - | - - | - - | 3.98 [0.21] |
| Conversion income | - - | - - | - - | - - | 0.07 [0.08] | 0.07 [0.08] |
| Lease rent (Plant & Machinery) | - - | - - | - - | - - | 0.04 [0.08] | 0.04 [0.08] |
| Remuneration/Salary | - - | - - | 2.66 [4.00] | 0.99 [1.04] | - - | 3.65 [5.04] |
| Provision for gratuity | - - | - - | 0.13 [0.23] | - - | - - | 0.13 [0.23] |
| Rental Income | - - | - - | - - | - - | 0.25 [0.04] | 0.25 [0.04] |
| Rent Paid | - - | 2.40 [1.67] | 0.78 [0.65] | - - | 0.14 [0.12] | 3.32 [2.44] |
| Freight charges paid | - - | 0.20 [0.01] | - - | - - | - - | 0.20 [0.01] |
| Interest Paid on loan | - - | - - | 0.38 [1.57] | - - | - - | 0.38 [1.57] |
| Commission paid | - - | - - | - - | 0.15 [0.10] | - - | 0.15 [0.10] |
| Dividend paid | - - | - - | 0.71 [0.71] | 0.03 [0.03] | - - | 0.74 [0.74] |
| Donation | - - | - - | - - | - - | 0.37 [0.40] | 0.37 [0.40] |
| Investment in equity shares | 0.50 [0.50] | 0.38 [0.12] | - - | - - | - - | 0.88 [0.62] |
| Share application money pending allotment | - [0.01] | - - | - - | - - | - - | - [0.01] |
| Loan received during the year | - - | - - | 8.18 [22.74] | - - | - - | 8.18 [22.74] |
| Loan paid during the year | - - | - - | 10.20 [27.12] | - - | - - | 10.20 [27.12] |
| Trade & Other Receivables | - - | - - | - - | - - | - [17.81] | - [17.81] |
| Expenses Recoverable | 0.07 [0.04] | - - | - - | - - | - - | 0.07 [0.04] |
| Creditors & Other Payables | - - | - - | 0.22 [3.30] | - - | - - | 0.22 [3.30] |

Note : Figures in brackets represent previous year's amounts

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

45 Results - Power Generation (Captive Power)

| Particulars | As at 31-Mar-19 | As at 31-Mar-18 |
|--------------------------------|--------------------|--------------------|
| Operating Income | 11.93 | 12.94 |
| Profit Before Interest and Tax | 5.94 | 7.85 |
| Less : Interest Expenses | 1.00 | 1.62 |
| Profit Before Tax | 4.94 | 6.23 |

46 Expenditure on Scientific Research

| Nature | As at 31-Mar-19 | As at 31-Mar-18 |
|-----------------------------|--------------------|--------------------|
| a) Revenue | | |
| U/s 35(2AB) | 0.67 | - |
| U/s 35(1)(iv) | 0.15 | 0.11 |
| b) Capital | | |
| U/s 35(2AB) | 0.61 | - |
| U/s 35(1)(iv) | 3.64 | 0.43 |
| c) Capital Work-in-Progress | | |
| U/s 35(2AB) | - | - |
| U/s 35(1)(iv) | 0.02 | - |

47 Approval of Financial Statements

The Financial Statements were approved for issue by the Board of Directors at their meeting held on 23rd May, 2019.

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

V. MARIKANNAN
Company Secretary
M.No. A30767

Place : Dindigul

 Date : 23rd May, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NAGA LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Naga Limited (hereinafter referred to as “the Company” or “the Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”) and its associates, which comprise the Consolidated balance sheet as at 31 March 2019, and the Consolidated statement of Profit and Loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of 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, and based on the consideration of reports of other auditors on separate financial statements of associates as were audited by the other auditors, and unaudited financial statements of subsidiaries furnished to us by the management of the Company, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. 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>Revenue is recognised when the control of the products being sold has been transferred to the customer.</p> <p>We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator.</p> <p>This could create an incentive for revenue to be overstated or recognised before control has been transferred.</p> | <p>Our audit procedures included:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the revenue recognition accounting policies, by comparing with applicable accounting standards. 2. Testing the design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue in the general ledger accounting system. 3. Performing substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year end) by verifying the underlying documents, which included sales invoices/contracts and shipping documents. 4. Carrying out analytical procedures on revenue recognised during the year to identify unusual variances. 5. Performing confirmation procedures on selected customer balances at the balance sheet date. 6. We assessed manual journals posted to revenue to identify unusual items. |
| 2. | <p>The Company has entered into several transactions with related parties during the year 2018-19. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the financial statements; non-compliance with statutory regulations governing related party relationships such as the Companies Act 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.</p> | <p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> 1. Carrying out an assessment of the key controls to identify and disclose related party relationships and transactions in accordance with the relevant accounting standard. 2. Carrying out an assessment of compliance with the listing regulations and the regulations under the Companies Act, 2013, including checking of approvals/ scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions. 3. Considering the adequacy and appropriateness of the disclosures in the financial statements, relating to the related party transactions. 4. Inspecting relevant ledgers, agreements and other information that may indicate existence of related party relationship or transactions. Also testing the completeness of related parties with reference to the various registers maintained by the Company statutorily. 5. Testing on a sample basis, Management's assessment of related party transactions for arm's length pricing. |

Other information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditor's report thereon. The information included in the annual report is expected to be made available to us after the date of the auditor's report.

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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 statements 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 statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates 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 management either intends to liquidate the Company 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 and of its associates is responsible for overseeing the financial reporting process of each company.

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 judgement 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)

(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as associates and joint ventures and joint operations 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures and joint operations to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, 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. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements 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. 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

(a) We did not audit the financial statements of two subsidiaries whose unaudited financial statements reflect total assets of INR 50.51 Lakhs as at 31 March 2019, total revenues of INR 3.63 Lakhs and net cash outflows amounting to INR (-)25.36 Lakhs and Net Profit / (Loss) of Rs.(-)9.66 Lakhs and total comprehensive income of Rs.(-)9.66 Lakhs for the year ended on that date, as considered in the consolidated financial statements.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the unaudited financial statements and conversion adjustments prepared by the management of the Company and audited by us.

(b) The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of INR (-)46.58 Lakhs for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements were audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, 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 and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements. d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

d) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

e) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

B. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, 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 of the subsidiaries and associates, as noted in the ‘Other Matters’ paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its associates. Refer Note 38 to the consolidated financial statements.

The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

ii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate companies incorporated in India during the year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor’s report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associate companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies and associate companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Place: Dindigul
Date: 23rd May, 2019

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 03556S)

M K Ravindran (Partner)
M.No. 020887

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NAGA LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31 MARCH 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Naga Limited (hereinafter referred to as "the Holding Company") and such companies incorporated outside India under the respective countries Companies Act which are its subsidiary companies and its associate companies, as of that date.

In our opinion, the Holding Company and such companies incorporated outside India under the respective countries Companies Act, which are its subsidiary companies and its associate companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and associate companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A Company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Dindigul
Date: 23rd May, 2019

**For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 03556S)**

**M K Ravindran (Partner)
M.No. 020887**

Consolidated Balance Sheet as at 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------------------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 205.48 | 174.78 |
| Intangible Assets | 4 | 1.42 | 1.51 |
| Capital work in progress | 5 | 7.85 | 24.14 |
| Financial assets | | | |
| Investments | 6 | 1.62 | 1.61 |
| Other financial assets | 7 | 4.67 | 1.38 |
| Other non-current assets | 8 | 5.03 | 5.18 |
| Total non-current assets | | 226.07 | 208.60 |
| Current assets | | | |
| Inventories | 9 | 73.65 | 147.27 |
| Financial assets | | | |
| Trade receivables | 10 | 50.32 | 50.89 |
| Cash and cash equivalents | 11 | 4.82 | 6.01 |
| Bank balances other than above | 12 | 4.96 | 21.25 |
| Loan | 13 | 0.41 | 0.33 |
| Other current assets | 14 | 9.45 | 28.52 |
| Total current assets | | 143.61 | 254.27 |
| | Total Assets | 369.68 | 462.87 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15 | 14.25 | 14.25 |
| Other equity | 16 | 111.91 | 95.57 |
| Total equity | | 126.16 | 109.82 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 120.02 | 123.69 |
| Other financial liabilities | 18 | 0.98 | 1.05 |
| Provisions | 19 | 1.88 | 1.67 |
| Deferred Tax Liabilities (net) | 20 | 20.06 | 18.70 |
| Total non-current liabilities | | 142.94 | 145.11 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 21 | 50.76 | 136.33 |
| Trade payables | 22 | | |
| a) Total Outstanding dues of Micro, Small and Medium enterprises | | 1.37 | 1.53 |
| b) Total Outstanding dues of other than Micro, Small and Medium enterprises | | 13.27 | 12.00 |
| Other financial liabilities | 23 | 27.39 | 20.50 |
| Other current liabilities | 24 | 7.65 | 35.94 |
| Short Term Provisions | 25 | 0.14 | 1.64 |
| Total current liabilities | | 100.58 | 207.94 |
| | Total Liabilities | 243.52 | 353.05 |
| | Total Equity and Liabilities | 369.68 | 462.87 |

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board
K.S. KAMALAKANNAN
 Chairman & Managing Director
 DIN : 01601589

MAGESWARI KANNAN
 Joint Managing Director
 DIN : 02107556

T.R. SIVARAMAN
 Chief Financial Officer
 M.No:023228

 Place : Dindigul
 Date : 23rd May, 2019

 As per our report of even date
For D Sampathkumar & Co.,
 Chartered Accountants
 (Firm Registration No : 003556S)

M.K. RAVINDRAN
 Partner
 M.No: 020887

V. MARIKANNAN
 Company Secretary
 M.No. A30767

Consolidated Statement of Profit & Loss for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | Notes | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|-----------|--------------------------------------|--------------------------------------|
| Continuing Operations | | | |
| A Income | | | |
| Revenue from operations | 26 | 837.20 | 893.92 |
| Other income | 27 | 14.14 | 8.95 |
| Total income | | <u>851.34</u> | <u>902.87</u> |
| B Expenses | | | |
| Cost of materials consumed | 28 | 553.39 | 455.10 |
| Purchases of stock in trade | 29 | 87.25 | 248.09 |
| Changes in inventories | 30 | 0.73 | (2.32) |
| Employee benefits expense | 31 | 37.15 | 32.47 |
| Depreciation and amortisation expense | 32 | 27.42 | 25.29 |
| Other expenses | 33 | 91.03 | 75.38 |
| Finance costs | 34 | 29.07 | 31.98 |
| Total expenses | | <u>826.04</u> | <u>865.99</u> |
| C Profit before exceptional items and tax | | 25.30 | 36.88 |
| Exceptional items | | 0.00 | 0.00 |
| D Profit before tax from continuing operations | | <u>25.30</u> | <u>36.88</u> |
| Income tax expense | 35 | | |
| Current tax | | 6.10 | 12.15 |
| Deferred tax charge/ (credit) | | 1.40 | 2.69 |
| Profit for the year | | <u>17.80</u> | <u>22.04</u> |
| E Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of post employment benefit obligations | | (0.13) | (0.18) |
| Income tax relating to these items | | 0.04 | 0.07 |
| Other comprehensive income for the year, net of tax | | <u>(0.09)</u> | <u>(0.12)</u> |
| Total comprehensive income for the year | | <u>17.71</u> | <u>21.92</u> |
| Earnings per share (Face value of Rs. 10 each) | 36 | | |
| Basic earnings per share (in Rs.) | | 12.49 | 15.47 |
| Diluted earnings per share (in Rs.) | | 12.49 | 15.47 |

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board
K.S. KAMALAKANNAN
 Chairman & Managing Director
 DIN : 01601589

MAGESWARI KANNAN
 Joint Managing Director
 DIN : 02107556

T.R. SIVARAMAN
 Chief Financial Officer
 M.No:023228

 Place : Dindigul
 Date : 23rd May, 2019

 As per our report of even date
For D Sampathkumar & Co.,
 Chartered Accountants
 (Firm Registration No : 003556S)

M.K. RAVINDRAN
 Partner
 M.No: 020887

V. MARIKANNAN
 Company Secretary
 M.No. A30767

Consolidated Statement of Changes in Equity for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

| | |
|---|-------|
| Balance at the beginning of April 1, 2017 | 14.25 |
| Changes in equity share capital during the year | - |
| Balance at the end of March 31, 2018 | 14.25 |
| Changes in equity share capital during the year | - |
| Balance at the end of March 31, 2019 | 14.25 |

(B) Other Equity

| Particulars | Capital Reserve | Securities Premium Reserve | General Reserve | Retained Earnings | OCI | Total |
|---|-----------------|----------------------------|-----------------|-------------------|---------------|---------------|
| Balance as at April 1, 2017 | 0.11 | 1.36 | 2.50 | 71.20 | (0.16) | 75.01 |
| Additions/(deductions) during the year | - | - | 0.21 | (0.21) | - | - |
| Total Comprehensive Income for the year | - | - | - | 22.04 | (0.11) | 21.93 |
| Dividend and tax thereon paid | - | - | - | (1.37) | - | (1.37) |
| Balance as at March 31, 2018 | 0.11 | 1.36 | 2.71 | 91.66 | (0.27) | 95.64 |
| Additions/(deductions) during the year | - | - | 0.21 | (0.21) | - | - |
| Total Comprehensive Income for the year | - | - | - | 17.80 | (0.09) | 17.71 |
| Dividend and tax thereon paid | - | - | - | (1.37) | - | (1.37) |
| Balance as at March 31, 2019 | 0.11 | 1.36 | 2.92 | 107.88 | (0.36) | 111.91 |

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

V. MARIKANNAN
Company Secretary
M.No. A30767

Place : Dindigul

 Date : 23rd May, 2019

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Cash Flow From Operating Activities | | |
| Profit before income tax | 25.30 | 36.88 |
| Adjustments for | | |
| Bad debts written off | 0.38 | 0.15 |
| Depreciation and amortisation expense | 27.42 | 25.29 |
| (Profit)/ Loss on sale of fixed assets | (0.09) | (0.50) |
| Profit on sale of investments | - | (0.33) |
| Interest income | (1.06) | (1.60) |
| Finance costs | 29.07 | 31.98 |
| | 81.03 | 91.87 |
| Change in operating assets and liabilities | | |
| (Increase)/ decrease in loans given | (0.08) | - |
| (Increase)/ decrease in other financial assets | (3.29) | 1.54 |
| (Increase)/ decrease in inventories | 73.62 | 25.51 |
| (Increase)/ decrease in trade receivables | 0.19 | (16.95) |
| (Increase)/ decrease in other assets | 19.22 | 3.27 |
| Increase/ (decrease) in provisions and other liabilities | (21.38) | 1.32 |
| Increase/ (decrease) in trade payables | 1.11 | (9.20) |
| Cash generated from operations | 150.42 | 97.36 |
| Less : Income tax paid (net of refunds) | (8.79) | (14.90) |
| Net cash from operating activities (A) | 141.63 | 82.46 |
| Cash Flows From Investing Activities | | |
| Purchase of PPE (including changes in CWIP) | (40.88) | (59.90) |
| Sale proceeds of PPE | 0.40 | 0.63 |
| (Purchase)/ disposal proceeds of investments | (0.01) | (0.66) |
| (Investments in)/ Maturity of fixed deposits with banks | 16.29 | (3.62) |
| Interest received | 1.06 | 1.60 |
| Net cash used in investing activities (B) | (23.15) | (61.95) |

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Cash Flows From Financing Activities | | |
| Proceeds from issue of equity share capital (net of share application money) | - | - |
| Proceeds from/ (repayment of) long term borrowings | (3.67) | 45.76 |
| Proceeds from/ (repayment of) short term borrowings | (84.39) | (35.61) |
| Finance costs paid | (29.07) | (31.98) |
| Dividend paid (Including dividend distribution tax) | (1.37) | (1.37) |
| Net cash from/ (used in) financing activities (C) | (118.50) | (23.20) |
| Net decrease in cash and cash equivalents (A+B+C) | (0.01) | (2.69) |
| Cash and cash equivalents at the beginning of the financial year | 3.44 | 6.13 |
| Cash and cash equivalents at end of the year | 3.43 | 3.44 |

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 “Cash Flow Statements”.

2. Components of cash and cash equivalents

| | | |
|---------------------------|-------------|-------------|
| Balances with banks | | |
| - in Current Accounts | 4.65 | 5.84 |
| Cash on hand | 0.17 | 0.17 |
| Book Overdraft with Banks | (1.39) | (2.57) |
| | 3.43 | 3.44 |

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

Place : Dindigul
Date : 23rd May, 2019

V. MARIKANNAN
Company Secretary
M.No. A30767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Notes to the Financial statements

Company Background

Naga Limited is a company incorporated in India under the Companies Act, 1956 and is domiciled in India. Its Registered Office is located at No 1, Anna Pillai Street, Chennai-600001 and the Corporate Office at No 1, Trichy Road, and Dindigul-624005. The Company's Shares are listed in Metropolitan Stock Exchange of India Limited (MSEI), Mumbai. The Company is engaged in the manufacture of Wheat Products, Minerals, Detergents and in Power Generation.

The Plants of the Company are located in various places in and around Dindigul and its Power Generating Plants are located in Coimbatore, Dharapuram, Theni and Tirunelveli.

2. Significant Accounting Policies and key accounting estimates and judgments

Significant Accounting Policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Effective April 1, 2017, the Company has adopted all the applicable Ind AS Standards and the adoption was carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India (IGAAP), as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting Policies have been consistently applied except where a newly-issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

2.2 Basis of Preparation and Compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. The financial statements are prepared on a "going concern" basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimate using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability at the measurement date assuming the market participants act in their economic best interest. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2- Inventories or values in use in Ind AS 36-Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as ‘-’ in these financial statements.

2.3 Current/Non-Current Classification

An asset or liability is classified as Current if it satisfies any of the following conditions:

- (a) The asset / liability is expected to be realized / settled in the Company’s normal operating cycle;
- (b) The asset is intended for sale or consumption;
- (c) The asset / liability is held primarily for the purpose of trading;
- (d) The asset / liability is expected to be realized / settled within twelve months after the reporting period;
- (e) 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 period;
- (f) In 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 period.

All other assets and liabilities are classified as Non- Current.

For the purpose of Current / Non- Current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realization in cash or cash equivalents.

Deferred Tax assets and liabilities are classified as Non-Current.

Advances given towards acquisition of fixed assets, outstanding at each Balance Sheet date, are disclosed as other Non-current assets.

2.4 Recent Accounting Pronouncements

Ind AS 116 - Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss.

The Standard is applicable for the accounting periods commencing on or after 01-04-2019. Accordingly, this Standard is not applicable for preparation of the financial statements for the year ended 31-03-2019. However, application of this Standard from 01-04-2019 does not have any impact for the Company.

Ind AS 12 - Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the Appendix, Companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Standard permits two possible methods of transition -

- i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

2.5 Property, Plant and Equipment (PPE)

Property, Plant and Equipment are tangible items that:

- (a) Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes: and
- (b) Are expected to be used during more than one period.

The cost of an item of Property, Plant and Equipment shall be recognised as an asset if and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

An item of PPE that qualifies for recognition as an asset is measured on initial recognition at cost. Following initial recognition PPEs are carried at its cost less accumulated depreciation and accumulated impairment losses.

- (i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognized as on April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date.
- (ii) The cost of an item of PPE comprises of purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of

replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.

Borrowing cost (net of interest earned on temporary investments of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of the assets till the assets are substantially ready for its intended use.

(iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

(iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at Cost. Costs in nature of repairs and maintenance are recognized in the statement of Profit and Loss as and when incurred. All up gradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

(v) Capital advances and Capital Work-in-Progress

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as Capital Work-in-Progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use.

(vi) Depreciation and Amortization

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value (WDV) method in respect of Soaps & Detergents Division at Vedasandur and under the straight line method in respect of other divisions. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

(vii) Estimated useful lives of the assets are as follows:

| Asset | Years |
|--|-------|
| Factory Buildings | 30 |
| Buildings (Other than factory buildings) | 60 |
| Plant and Equipment - continuous process plants | 25 |
| Plant and Equipment - Other than continuous process plants | 15 |
| Wind Power Generation Plant | 22 |
| Furniture and Fixtures | 10 |
| Vehicles - Motor Cycles, Scooter and Mopeds | 10 |
| Other vehicles | 8 |
| Office Equipment | 5 |
| Servers & Networks | 6 |
| End user devices such as desktops, laptops etc., | 3 |

Assets costing Rs. 5,000/- and below are depreciated in full within the Financial Year.

2.6 Intangible Assets

a) Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

b) Useful lives of Intangible Assets

Intangible Assets are amortised equally over the estimated useful life not exceeding ten years.

2.7 De-recognition of tangible and intangible assets

An item of tangible and intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the Asset. Any gain or loss arising on the disposal or retirement of an item of tangible and intangible assets is determined as the difference between the sale proceeds, if any, and the carrying amount of the asset and is recognised in the Statement of Profit or Loss.

2.8 Impairment of tangible and intangible assets

The Company annually reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating unit for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment of loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment of loss is recognised immediately in Statement of Profit and Loss.

2.9 Revenue Recognition

Effective from 1st April, 2018 the Company has adopted Ind AS 115 “Revenue from Contracts with Customers”. Application of this standard from 01.04.2018 does not have any impact on the revenue recognition and measurement.

(a) Sale of products

Revenue is recognised at a point in time upon transfer of control of the products to customers i.e., when the products are delivered to the common carrier, in an amount that reflects the consideration that the Company expects to receive in exchange for those products.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the actual underlying performance obligation that corresponds to the progress by the customer / indenter towards earning the discount / incentive.

(b) Dividend and Interest Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

(c) Insurance Claims

Insurance claims are recognized on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(d) Rental Income / Warehousing Charges

Rental income and warehousing charges from operating leases are recognized on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost of inflation index.

2.10 Ind AS 115- Revenue from contracts with customers

The standard is notified on 28.03.2018 and it is applicable for the accounting periods commencing on or after 01.04.2018. Accordingly, this standard is not applicable for preparation of the financial statements for the year ended 31.03.2018. However, application of this standard from 01.04.2018 does not have any impact in the revenue recognition and measurement for the Company.

2.11 Inventories

Inventories including traded goods are valued at lower of cost and net realizable value. Materials and other items intended for use in the production of inventories are not written -down below cost if the finished goods in which they will be incorporated or expected to be sold at or above cost. Cost includes taxes and duties (other than taxes and duties for which input tax credit is available), freight and other direct expenses. Stocks of Raw materials, Stores & Spares and chemicals are valued at cost on First in First Out. Finished Goods / Stock-in-Progress are valued at lower of cost and net realisable value and cost includes material, direct labour, overheads (other than selling and administrative overheads) incurred in bringing the inventory to their present location and condition. Net realizable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

2.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their

intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.13 Employee Benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognises the undiscounted amount of Short Term Employee Benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

(b) Post-employment benefits

(i) Defined Contribution Plan

Payments to Defined Contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions to Provident Fund and Superannuation Fund are treated as Defined Contribution Plans, since funded with Provident Fund Commissioner (as per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952) and Life Insurance Corporation of India, respectively.

(ii) Defined Benefit Plans

The company operates the Defined Benefit Gratuity Plan for employees. The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan. Gratuity and Retirement Benefit Schemes operated by the Company are treated as Defined Benefit Plans.

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. Re-measurement of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability / asset), are recognized in Other Comprehensive Income and taken to retained earnings. (Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods).

The Company presents the above liability / (asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent Actuary, however, the entire liability towards gratuity is considered as current as the company will contribute this amount to gratuity fund within the next twelve months.

(c) Other Long-term Employee Benefits

As per policy the Company compensated absence is not accumulated.

2.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtual certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Profit and Loss (FVTPL) are recognized immediately in Statement of Profit and Loss.

2.16 Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost. The debt instruments carried at amortised cost includes Deposits, Loans and advances recoverable in cash.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

(b) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate

that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognized in the Statement of Profit and Loss.

(c) Investment in Equity Instruments at FVTOCI

(i) Investments in Equity Instruments in Subsidiaries and associates:

The Company has elected to carry investment in equity instruments in subsidiaries and associates at cost in accordance with paragraph 10 of Ind AS 27- Separate Financial Statements.

(ii) Investments in Other Equity Instruments:

The Company has irrevocably designated to carry investment in Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments were initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the 'Reserve for Equity Instruments through Other Comprehensive Income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within Equity.

The Company has Equity Investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see Note 6). Fair value is determined in the manner described in Note 2.2.

(d) Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses "Expected Credit Loss'(ECL) model, for evaluating impairment of financial assets other than those measured at fair value through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instruments).

For Trade receivable, Company applies "simplified approach" which requires expected life time losses to be recognized from initial recognition of these receivables.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk, if there is significant increase in credit risk full lifetime ECL is used.

(e) Derecognition of Financial Assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109, a financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Concomitantly, if the asset is one that is measured at:

- (a) Amortised cost, the gain or loss is recognized in the Statement of Profit and Loss.
- (b) Fair value through Other Comprehensive Income, the cumulative fair value adjustments previously taken to Reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is classified within equity.

2.17 Financial Liabilities and Equity Instruments

(a) Classification as Debt or Equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

(b) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognized at the proceeds received, net of direct issue costs.

(c) Financial Liabilities

All financial liabilities are initially recognized at the value of respective contractual obligations. 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 capitalized as part of costs of an asset is included in the "Finance costs" line item.

(d) De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

2.18 Derivative Financial Instruments and Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, by means of foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates hedging instruments in respect of foreign currency risk as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instruments is highly effective in off-setting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, as exchange fluctuation gain / loss.

The cumulative gain or loss previously recognised in Other Comprehensive Income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in Other Comprehensive Income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in Other Comprehensive Income is transferred to the Statement of Profit and Loss in the same period when the hedged item affects Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

Fair Value Hedge

The Company designates derivative contracts as hedging instruments to mitigate the risk of change in fair value of hedged item in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Statement of Profit and Loss from that date.

2.19 Foreign Currency Transactions

(a) Initial Recognition

On initial recognition, transactions in foreign currencies are recorded in the functional currency (ie Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency as at the date of the transaction.

(b) Measurement of foreign currency items at reporting date

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

(c) Recognition of exchange difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in Statement of Profit and Loss in the period in which they arise.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

(a) Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from “profit before tax” as reported in the statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (temporary difference) and items that are never taxable or deductible (permanent difference) under the Income Tax act, 1961.

Current tax is measured using tax rates and tax laws enacted during the reporting period together with any adjustment to tax payable in respect of previous years.

(b) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognized.

Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part of or all of deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement is in the form of unused tax credits and is accordingly grouped under Deferred Tax Assets.

(c) Current and Deferred Tax for the year

Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively.

2.22 Events after reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

2.23 Financial and Management Information System

The Company’s Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013 to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

2.24 Segment Reporting

The Company has the following reporting segments, which are considered as its reporting segments. These segments offer different types of products to different customers and are managed separately because they require different technology and production process. Operating segment disclosures are consistent with the information provided to and reviewed by the Chief Operating Decision Maker.

| Reporting Segment | Products Offered |
|-------------------------|-------------------------------------|
| Foods and Windmill | Wheat Products and Power Generation |
| Minerals and Detergents | various minerals and Detergents |

2.25 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

3. Key Accounting Estimates and Judgements

3.1 Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3.2 Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

(a) Fair value measurement and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(b) Useful life of Property, Plant and Equipment

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

(c) Cash Discounts

In accordance with Ind AS 115, the Company deducts cash discounts from the revenue for sale of products. Cash discounts on the sale of products in the last month of the year is estimated based on the past experience.

(d) Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

(e) Claims, Provisions and Contingent Liabilities

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

(f) Tax expense

Significant judgments and estimates are involved in estimating the budgeted profits for the purposes of advance tax, determining the provision for income tax, Minimum Alternate Tax and MAT Credit which may get revised pursuant to the determination by the Income Tax authorities.

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

| Particulars | Tangible | | | | | | | | Intangible Software | Total |
|--|--------------|--------------|---------------------|-------------------------|-----------------------|-------------|--------------|-----------------|---------------------|---------------|
| | Land | Buildings | Plant and Equipment | Electrical Installation | Furniture and fixture | Computer | Vehicles | Windmill /Solar | | |
| Gross Block | | | | | | | | | | |
| As at April 1, 2018 | 15.55 | 28.28 | 105.03 | 10.68 | 0.38 | 3.66 | 19.58 | 38.29 | 1.54 | 222.99 |
| Additions | 0.07 | 9.60 | 43.50 | 3.27 | 0.46 | 0.48 | 0.86 | - | 0.10 | 58.34 |
| Disposals | - | - | (0.14) | - | - | - | (0.17) | - | - | (0.31) |
| Cost as at March 31, 2019 | 15.62 | 37.88 | 148.39 | 13.95 | 0.84 | 4.14 | 20.27 | 38.29 | 1.64 | 281.02 |
| Depreciation / Amortisation/ Impairment | | | | | | | | | | |
| As at April 1, 2018 | - | 2.87 | 32.25 | 3.05 | 0.10 | 1.14 | 3.30 | 3.96 | 0.03 | 46.70 |
| Charge for the year | - | 1.65 | 18.60 | 1.83 | 0.08 | 0.13 | 2.54 | 2.40 | 0.19 | 27.42 |
| Ind AS Adjustments | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | - | 4.52 | 50.85 | 4.88 | 0.18 | 1.27 | 5.84 | 6.36 | 0.22 | 74.12 |
| Net Block | | | | | | | | | | |
| As at March 31, 2018 | 15.55 | 25.41 | 72.78 | 7.63 | 0.28 | 2.52 | 16.28 | 34.33 | 1.51 | 176.29 |
| As at March 31, 2019 | 15.62 | 33.36 | 97.54 | 9.07 | 0.66 | 2.87 | 14.43 | 31.93 | 1.42 | 206.90 |

1. The Company has availed borrowings from Banks which carry over the assets of the Company (Refer Note No 43, towards Security)
2. Refer Note No.38 for Disclosure of Contractual Commitments for the acquisition of Property, Plant and Equipment.
3. The amount of borrowing costs capitalised during the year ended 31st March, 2019 was Rs.1.24 Cr (PY Rs. 1.50 Cr). The Company has applied capitalisation rate of 9.75 % which is the effective rate of interest (EIR) of the specific borrowing.
4. Additions in capital expenditure of Rs. 0.61 Cr (2017-18: Nil) incurred at the Company's inhouse R&D facility at Dindigul are eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961.
5. Additions in capital expenditure of Rs.3.64 Cr (2017-18: 0.44 Cr) incurred by the Company for in house R&D facility at Dindigul are eligible for deduction under section 35(1)(iv) of the Income Tax Act, 1961.

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31,2019 | As at March 31,2018 |
|--|------------------------|------------------------|
| 5 Capital Work-in-progress | | |
| Capital Work in progress* | 7.85 | 24.14 |
| | <u>7.85</u> | <u>24.14</u> |
| * Additions in capital work in progress of Rs.0.018 Cr (2017-18: Nil) incurred by the Company for R&D facility at Dindigul are eligible for deduction under section 35(1)(iv) of the Income Tax Act, 1961. | | |
| 6 Non-current investments | | |
| Trade Quoted | | |
| Investments in Equity instruments Others FVTPL | | |
| 480 (Previous Year 480) Equity Shares of Rs. 10/- each in Indian Overseas Bank | 0.00 | 0.00 |
| Investments in Mutual Funds FVTPL | | |
| 1,94,490 (Previous Year 1,94,490) Units of Rs. 10/- each in Reliance Equity -Advantage Fund | 0.02 | 0.02 |
| Trade Unquoted | | |
| Investments in Associate Companies (At Cost) | | |
| 36,400 (Previous Year 10,400) Equity Shares of Rs. 100/- each in Annai Power Private Limited | 0.10 | 0.07 |
| 26,000 (Previous Year 26,000) Equity Shares of Rs. 10/- each in Nagalakshmi Energy Private Limited | 0.00 | 0.02 |
| 21,960 (Previous Year 21,960) Class A Equity Shares of Rs. 10/- each in Mojro Techlogies Private Limited | 1.50 | 1.50 |
| | <u>1.62</u> | <u>1.61</u> |
| Total non-current investments | | |
| Aggregate amount of quoted investments | 0.02 | 0.02 |
| Aggregate market value of quoted investments | 0.02 | 0.02 |
| Aggregate cost of unquoted investments | 1.60 | 1.59 |
| Aggregate amount of impairment in value of investments | - | - |
| Category wise Non-Current investments | | |
| Financial Assets measured at amortized cost | - | - |
| Financial Assets measured at cost | 1.60 | 1.59 |
| FVTPL | 0.02 | 0.02 |
| FVOCI | - | - |
| 7 Other non-current financial assets | | |
| (Unsecured, considered good) | | |
| Security Deposits | 1.89 | 1.38 |
| Bank deposits maturing after 12 months from the reporting date * | <u>2.78</u> | <u>-</u> |
| | <u>4.67</u> | <u>1.38</u> |
| * Represents balances with banks that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date. | | |
| 8 Other non-current assets | | |
| (Unsecured, considered good) | | |
| Capital advances | 2.96 | 4.15 |
| Advance income-tax and Tax Deducted at Source (Net of provision for Income Tax Rs. 6.10 Cr) (PY Rs. 12.15 Cr) | 1.18 | - |
| Rent deposits | 0.83 | 0.95 |
| Statutory Deposits | <u>0.06</u> | <u>0.08</u> |
| | <u>5.03</u> | <u>5.18</u> |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| 9 Inventories * | | |
| Raw Materials ** | 54.74 | 129.04 |
| Work-in-progress | 1.61 | 1.43 |
| Finished products *** | 6.65 | 7.56 |
| Packing materials | 4.28 | 3.10 |
| Stores and spares ** | 6.37 | 6.14 |
| | <u>73.65</u> | <u>147.27</u> |
| * For method of valuation please refer note no 2.11 (Please refer Note 21 for security created on Inventories) | | |
| ** Includes Material in Transit | | |
| *** Finished goods includes good purchased for re-sale, as both are stocked together | | |
| 10 Trade receivables | | |
| Receivables considered good, Secured | - | - |
| Receivables considered good, Unsecured | 50.32 | 50.89 |
| Receivables which have significant increase in Credit Risk | - | - |
| Receivables-credit impaired | - | - |
| | <u>50.32</u> | <u>50.89</u> |
| Less: Allowance for Expected Credit Loss | - | - |
| | <u>50.32</u> | <u>50.89</u> |
| (Please refer Note 21 for security created on Receivables) (Please refer Note 45 for dues from related parties) | | |
| 11 Cash and cash equivalents | | |
| Cash- on- Hand | 0.17 | 0.17 |
| Balances with Banks | | |
| In Current Account | 4.65 | 5.84 |
| | <u>4.82</u> | <u>6.01</u> |
| 12 Other Bank Balances | | |
| In fixed deposits | - | - |
| In Margin money with Banks | | |
| Maturing within 12 months from the reporting date | 4.93 | 21.23 |
| More than 12 months | - | - |
| In Earmarked Accounts | | |
| Unpaid Dividend Account | 0.03 | 0.02 |
| | <u>4.96</u> | <u>21.25</u> |
| 13 Current assets: Financial assets - Loans (Unsecured, considered good) | | |
| Loans and advances to employees | 0.41 | 0.33 |
| | <u>0.41</u> | <u>0.33</u> |
| 14 Other current assets (Unsecured, considered good) | | |
| Income receivable | 3.58 | 0.36 |
| Prepaid Expenses & Insurance | 1.28 | 1.26 |
| GST Receivable | 0.97 | 0.06 |
| Claims Recoverable * | 0.90 | - |
| Advances to Suppliers | 2.72 | 26.84 |
| | <u>9.45</u> | <u>28.52</u> |

* Claims recoverable include Rs.0.68 Cr towards Custom Duty & Rs.0.22 Cr insurance claims

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| 15 Capital | | |
| Authorised Share Capital | | |
| 2,75,00,000 Equity Shares of Rs 10/- each | <u>27.50</u> | <u>27.50</u> |
| | <u>27.50</u> | <u>27.50</u> |
| Issued, Subscribed and fully paid up Share Capital | | |
| 1,42,48,000 Equity Shares of Rs10/- each fully paid (Of the above shares 98,01,000 Equity Shares were allotted pursuant to scheme of amalgamation for consideration other than cash) | 14.25 | 14.25 |
| | <u>14.25</u> | <u>14.25</u> |

Notes:
(a) Reconciliation of number of equity shares subscribed

| | | |
|---------------------------------|--------------------|--------------------|
| At the Beginning and at the End | <u>1,42,48,000</u> | <u>1,42,48,000</u> |
|---------------------------------|--------------------|--------------------|

(b) Shareholders holding more than 5% of the total share capital

| Name of the share holder | March 31, 2019 | | March 31, 2018 | |
|--|-----------------------|--------------|-----------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Sri. K.S. Kamalakannan | 60,70,570 | 42.61% | 60,70,570 | 42.61% |
| Smt. Mageswari Kannan | 18,55,220 | 13.02% | 18,55,220 | 13.02% |
| M/s. Lakme Investment & Finance Ltd., | 14,12,945 | 9.92% | 14,12,945 | 9.92% |
| M/s. Pluris Global Holding (India) Ltd., | 14,10,567 | 9.90% | 14,10,567 | 9.90% |
| M/s. M.M.Detergents Company (P) Ltd., | 10,24,000 | 7.19% | 10,24,000 | 7.19% |
| Sri. Sounder Kannan | 8,17,855 | 5.74% | 8,17,855 | 5.74% |

(c) Terms/Rights attached to Equity Shares

The equity shares of the Company having par-value of Rs.10/- per share rank pari-pasu in all respects including voting rights, dividend entitlement and repayment of capital.

16 Other Equity

| | | |
|----------------------------|---------------|--------------|
| Capital Reserves | 0.11 | 0.11 |
| Securities Premium Account | 1.36 | 1.36 |
| General Reserve | 2.92 | 2.71 |
| Retained Earning | 107.88 | 91.66 |
| Other Comprehensive Income | (0.36) | (0.27) |
| Total | <u>111.91</u> | <u>95.57</u> |

a) Capital Reserve

| | | |
|--|-------------|-------------|
| Balance at the beginning and end of the year | <u>0.11</u> | <u>0.11</u> |
|--|-------------|-------------|

b) Securities Premium Reserve

| | | |
|--|-------------|-------------|
| Balance at the beginning and end of the year | <u>1.36</u> | <u>1.36</u> |
|--|-------------|-------------|

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| c) General Reserve | | |
| Balance at the beginning of the year | 2.71 | 2.50 |
| Additions during the year | 0.21 | 0.21 |
| Deductions/Adjustments during the year | - | - |
| Balance at the end of the year | <u>2.92</u> | <u>2.71</u> |
| d) Retained earnings | | |
| Balance at the beginning of the year | 91.66 | 71.20 |
| Net profit for the period | 17.80 | 22.04 |
| Transfers to General Reserve | (0.21) | (0.21) |
| Dividend paid during the year | (1.14) | (1.14) |
| Tax paid on proposed dividend | (0.23) | (0.23) |
| Ind AS adjustments | - | - |
| Balance at the end of the year | <u>107.88</u> | <u>91.66</u> |
| e) Other Comprehensive Income | | |
| Balance at the beginning of the year | (0.27) | (0.16) |
| Additions during the year | (0.09) | (0.11) |
| Deductions/Adjustments during the year | - | - |
| Balance at the end of the year | <u>(0.36)</u> | <u>(0.27)</u> |

Description of nature and purpose of each reserve.
General Reserve

General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of Equity to another and is not an item of Other Comprehensive Income. It is a free reserve created to enhance the Net Worth of the Company.

Capital Reserve

Capital Reserve represents gain of a capital nature and is not available for dividend declaration.

Securities Premium Account

Securities Premium account records the premium component on issue of shares and can be utilised in accordance with the provisions of Companies Act, 2013.

17 Long Term Borrowings*

| | | |
|---|---------------|---------------|
| Secured - At Amortized Cost | | |
| Term loans from Banks | 115.63 | 115.70 |
| Term loans from Financial Institutions | 4.39 | 3.16 |
| Unsecured - At Amortized Cost | | |
| Term loans from Financial Institutions | - | 2.82 |
| Loans and Advances from Related Parties | - | 2.01 |
| | <u>120.02</u> | <u>123.69</u> |

* Refer Note 43 for repayment terms and security details

- (i) Term Loans from Banks, including its current maturities (Refer Note No. 23) are secured by Mortgage of Immovable properties consisting of land, buildings, fixed plant and machinery, fixtures and fittings.

(ii) Term Loans Outstanding, Rates of Interest & Terms of Repayment

| S. No. | Nature of Facility | Division | Bank | Outstanding as 31st March 2019 (Rs. In Cr.)* | Present Interest Rate (% p.a) | No. of Installments pending | Repayment Tenure | Last Installment falling Due on |
|--------|--------------------|----------|----------|--|-------------------------------|-----------------------------|------------------|---------------------------------|
| 1 | TERM LOAN - 1 | NLFD | INDUSIND | 6.98 | 10.80% | 57 | QUARTERLY | DECEMBER 2023 |
| 2 | TERM LOAN - 2 | NLDV | SCB | 6.22 | 10.40% | 10 | QUARTERLY | MAY 2021 |
| 3 | TERM LOAN - 3 | NLFD | SCB | 10.31 | 9.75% | 15 | QUARTERLY | OCTOBER 2022 |
| 4 | TERM LOAN - 4 | NLDV | SCB | 18.94 | 9.75% | 15 | QUARTERLY | OCTOBER 2022 |
| 5 | TERM LOAN - 5 | NLED | ICICI | 6.50 | 9.60% | 65 | MONTHLY | AUGUST 2024 |
| 6 | LAP - 1 | NLFD | HDFC | 20.31 | 10.00% | 73 | MONTHLY | APRIL 2025 |
| 7 | LAP - 2 | NLFD | HDFC | 10.58 | 9.65% | 73 | MONTHLY | APRIL 2025 |
| 8 | LAP - 3 | NLFD | SBI | 15.93 | 10.40% | 83 | MONTHLY | FEBRUARY 2026 |
| 9 | LAP - 4 | NLFD | FICCL | 4.39 | 11.95% | 104 | MONTHLY | NOVEMBER 2027 |
| 10 | LAP - 5 | NLFD | BAJAJ | - | 11.90% | - | - | - |
| 11 | LAP - 6 | NLBD | IDBI | 15.16 | 9.90% | 157 | MONTHLY | JUNE 2032 |
| 12 | LAP - 7 | NLFD | IDBI | 2.89 | 10.60% | 154 | MONTHLY | MARCH 2032 |
| 13 | LAP - 8 | NLED | KVB | 1.01 | 12.00% | 6 | QUARTERLY | SEPTEMBER 2019 |
| 14 | LAP - 9 | NLFD | KVB | 18.00 | 10.60% | 72 | QUARTERLY | MARCH 2025 |
| 15 | VEHICLE LOAN-1 | NLFD | ICICI | 0.03 | 9.50% | 5 | MONTHLY | AUGUST 2019 |
| 16 | VEHICLE LOAN-2 | NLRD | HDFC | 0.39 | 7.90% | 42 | MONTHLY | SEPTEMBER 2022 |
| 17 | VEHICLE LOAN-3 | NLRD | HDFC | 0.40 | 7.90% | 42 | MONTHLY | SEPTEMBER 2020 |
| 18 | VEHICLE LOAN-4 | NLRD | HDFC | 0.11 | 8.45% | 19 | MONTHLY | OCTOBER 2020 |
| 19 | VEHICLE LOAN-5 | NLDV | HDFC | 0.03 | 9.55% | 7 | MONTHLY | OCTOBER 2019 |
| 20 | VEHICLE LOAN-6 | NLDV | HDFC | 0.54 | 9.25% | 32 | MONTHLY | NOVEMBER 2021 |
| 21 | VEHICLE LOAN-7 | NLMD | HDFC | 0.29 | 8.00% | 41 | MONTHLY | AUGUST 2022 |
| 22 | VEHICLE LOAN-8 | NLMD | HDFC | 1.15 | 8.59% | 40 | MONTHLY | JULY 2022 |
| 23 | VEHICLE LOAN-9 | NLLD | HDFC | 0.25 | 8.60% | 50 | MONTHLY | JULY 2022 |
| 24 | VEHICLE LOAN-10 | NLLD | HDFC | 3.95 | 9.15% | 40 | MONTHLY | JULY 2022 |
| 25 | VEHICLE LOAN-11 | NLLD | HDFC | 0.29 | 9.15% | 40 | MONTHLY | JULY 2022 |
| 26 | VEHICLE LOAN-12 | NLLD | HDFC | 0.25 | 9.30% | 6 | MONTHLY | SEPTEMBER 2019 |
| 27 | VEHICLE LOAN-13 | NLLD | HDFC | 0.07 | 9.30% | 5 | MONTHLY | AUGUST 2019 |
| 28 | VEHICLE LOAN-14 | NLLD | HDFC | 1.05 | 8.61% | 10 | MONTHLY | JANUARY 2020 |

*The Outstanding includes current maturities of Long Term Debt. (Refer Note No. 23).

Default in Repayment of principal and Interest - NIL

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | | |
|--|-------------------------|--|----------------|-------------------------|
| 18 Other non current financial liabilities | | | | |
| Rental and Lease Advances | 0.98 | 1.05 | | |
| | <u>0.98</u> | <u>1.05</u> | | |
| 19 Provisions (Non-current) * | | | | |
| Provision for gratuity - Directors | 1.64 | 1.51 | | |
| Provision for gratuity - Employees | 0.24 | 0.16 | | |
| * Refer Note No. 44 | <u>1.88</u> | <u>1.67</u> | | |
| 20 Deferred Tax Liability/ (Asset) - Net | | | | |
| | As at March 31, 2018 | Recognised in P&L during 2018-19 | OCI 2018-19 | As at March 31, 2019 |
| As at March 31, 2019 | | | | |
| <u>Deferred Tax Liabilities</u> | | | | |
| Difference between written down value / Capital Work in Progress of Fixed Assets as per books of accounts and Income Tax Act, 1961. | 18.86 | 1.43 | - | 20.29 |
| Total | <u>18.86</u> | <u>1.43</u> | <u>-</u> | <u>20.29</u> |
| <u>Deferred Tax Assets</u> | | | | |
| Expenses allowed on payment | 0.16 | - | 0.07 | 0.23 |
| Total | <u>0.16</u> | <u>-</u> | <u>0.07</u> | <u>0.23</u> |
| Deferred Tax Liabilities (Net) | <u>18.70</u> | <u>1.43</u> | <u>(0.07)</u> | <u>20.06</u> |
| | As at March 31, 2017 | Recognised in P&L during 2017-18 | OCI 2017-18 | As at March 31, 2018 |
| As at March 31, 2018 | | | | |
| <u>Deferred Tax Liabilities</u> | | | | |
| Difference between written down value/ Capital Work in Progress of Fixed Assets as per books of accounts and Income Tax Act, 1961. | 16.17 | 2.69 | - | 18.86 |
| Total | <u>16.17</u> | <u>2.69</u> | <u>-</u> | <u>18.86</u> |
| <u>Deferred Tax Assets</u> | | | | |
| Expenses allowed on payment | 0.09 | - | 0.07 | 0.16 |
| Total | <u>0.09</u> | <u>-</u> | <u>0.07</u> | <u>0.16</u> |
| Deferred Tax Liabilities (Net) | <u>16.08</u> | <u>2.69</u> | <u>(0.07)</u> | <u>18.70</u> |
| 21 Current liabilities - Financial Liabilities: Borrowings | | | | |
| a) Secured - At Amortised Cost | | | | |
| From banks * | | | 50.76 | 136.33 |
| | | | <u>50.76</u> | <u>136.33</u> |

* Secured by pari-passu charge on inventories and trade receivables and are repayable on demand

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| 22 Trade payables | | |
| a) Total Outstanding dues of Micro, Small and Medium Enterprises | 1.37 | 1.53 |
| b) Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises | 13.27 | 12.00 |
| | <u>14.64</u> | <u>13.53</u> |
| <p>(i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.</p> <p>(ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows</p> | | |
| | 2018-19 | 2017-18 |
| i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year. | 1.37 | 1.53 |
| ii) 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 each accounting year. | Nil | Nil |
| iii) Interest due and payable for the year 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 | Nil |
| iv) Interest accrued and remaining unpaid at the end of each accounting year: | Nil | Nil |
| v) 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 current financial liabilities | | |
| Forward contract payable | - | 0.18 |
| Current maturities of long-term borrowings | 26.00 | 17.75 |
| Book Overdraft with Banks | 1.39 | 2.57 |
| | <u>27.39</u> | <u>20.50</u> |
| 24 Other current liabilities | | |
| Unclaimed /Unpaid dividends | 0.03 | 0.02 |
| Expenses Payable * | 1.02 | 3.92 |
| Advances received for supply of goods | 3.20 | 28.49 |
| Statutory Dues Payable to government authorities | 3.40 | 3.51 |
| | <u>7.65</u> | <u>35.94</u> |
| * Please refer Note No. 45 for dues to related parties | | |
| 25 Provisions (Current) | | |
| Provision for gratuity * | 0.14 | 0.13 |
| Provision for taxation (Net of Advance Tax) | - | 1.51 |
| * Refer Note No.44 | <u>0.14</u> | <u>1.64</u> |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| 26 Revenue from operations | | |
| Sale of Products | | |
| Manufactured Products | | |
| Wheat and Wheat Products | 649.76 | 564.48 |
| Minerals | 33.79 | 37.08 |
| Traded Goods | | |
| Wheat and Minerals | 93.71 | 251.43 |
| | <u>777.26</u> | <u>852.99</u> |
| Sale of services | | |
| Grinding Charges | 4.71 | 3.37 |
| Conversion Charges | 44.09 | 31.85 |
| Warehousing Charges | - | 1.92 |
| Weighbridge Income | 0.55 | 0.48 |
| Windmill Income | 0.21 | - |
| Lorry Income | 4.56 | 2.47 |
| | <u>54.12</u> | <u>40.09</u> |
| Other Operating Income | | |
| Sale of scrap | 5.82 | 0.84 |
| | <u>837.20</u> | <u>893.92</u> |
| 27 Other income | | |
| Interest Income | 1.06 | 1.60 |
| Profit on sale of fixed assets (net) | 0.09 | 0.50 |
| Profit on sale of Investments (net) | - | 0.33 |
| Rent Receipts | 6.08 | 3.86 |
| Others - miscellaneous receipts | 4.86 | 2.00 |
| MTM gain on forward contracts | 2.05 | 0.66 |
| | <u>14.14</u> | <u>8.95</u> |
| 28 Cost of materials consumed | | |
| Wheat | 529.34 | 433.08 |
| Minerals | 24.05 | 22.02 |
| | <u>553.39</u> | <u>455.10</u> |
| 29 Purchases of Stock in Trade | | |
| Wheat | - | 247.58 |
| Minerals | 87.25 | 0.51 |
| | <u>87.25</u> | <u>248.09</u> |
| 30 Changes in inventories of work-in-progress, stock in trade and finished goods | | |
| Opening Stock | | |
| Work-in-Progress | 1.43 | 1.12 |
| Finished Goods | 7.56 | 5.56 |
| | <u>9.00</u> | <u>6.68</u> |
| Closing Stock | | |
| Work-in-Progress | 1.61 | 1.43 |
| Finished Goods | 6.65 | 7.56 |
| | <u>8.27</u> | <u>9.00</u> |
| Total changes in inventories | <u>0.73</u> | <u>(2.32)</u> |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| 31 Employee benefits expense | | |
| Salaries, wages and bonus | 30.51 | 25.10 |
| Contribution to provident and other funds * | 2.61 | 2.23 |
| Staff Welfare Expenses | 1.66 | 1.45 |
| Directors' Remuneration | 2.37 | 3.69 |
| * Refer Note No.44(1) | | |
| | <u>37.15</u> | <u>32.47</u> |
| 32 Depreciation and amortisation expense | | |
| Depreciation of property, plant and equipment | <u>27.42</u> | <u>25.29</u> |
| | <u>27.42</u> | <u>25.29</u> |
| 33 Other expenses | | |
| Manufacturing Expenses | | |
| Production Expenses | 9.52 | 8.52 |
| Power and Fuel | 12.77 | 8.60 |
| Repairs to Machinery | 8.87 | 8.88 |
| Laboratory Expenses | 1.93 | 0.10 |
| | (A) <u>33.09</u> | <u>26.11</u> |
| Selling and Distribution Expenses | | |
| Advertisement | 1.36 | 1.38 |
| Brokerage and Commission | 0.78 | 0.71 |
| Discount & Claims and Settlement | 1.17 | 0.87 |
| Sales Promotion | 6.85 | 2.30 |
| Freight and Handling | 11.79 | 12.34 |
| | (B) <u>21.95</u> | <u>17.60</u> |
| Establishment Expenses | | |
| Annual Maintenance Charges | 1.87 | 1.71 |
| Bank Charges and Commission | 1.10 | 2.22 |
| Foreign Currency Fluctuation | - | 0.08 |
| Bad Debts | 0.38 | 0.15 |
| Repairs to Buildings | 1.61 | 1.44 |
| Printing & Stationery | 0.32 | 0.29 |
| Subscription | 0.06 | 0.04 |
| Telephone | 0.31 | 0.30 |
| Professional Charges | 1.66 | 2.11 |
| Payments to auditors [refer note 33 (a)] | 0.09 | 0.04 |
| Directors' Sitting Fees | 0.03 | 0.02 |
| Security Charges | 1.16 | 1.07 |
| Legal Expenses | 0.09 | 0.11 |
| Donations | 0.43 | 0.42 |
| Travelling & Vehicle Maintenance | 13.01 | 12.17 |
| Insurance | 1.56 | 0.96 |
| Rates, Licence and Taxes | 1.64 | 1.11 |
| Pooja Expenses | 0.11 | 0.08 |
| Postage | 0.11 | 0.03 |
| Computer Maintenance | 0.31 | 0.30 |
| Rent & Electricity | 6.45 | 4.84 |
| CSR Expenses [refer note 33 (b)] | 1.08 | 0.17 |
| Windmill Expenses | 1.53 | 1.34 |
| Expenditure on Scientific Research - Revenue | 0.82 | 0.11 |
| Loss on fair valuation of investments | - | 0.30 |
| Other expenses | 0.02 | 0.17 |
| Share of Loss of Associates | 0.25 | 0.08 |
| | (C) <u>35.99</u> | <u>31.67</u> |
| Total Other Expenses (A+B+C) | <u>91.03</u> | <u>75.38</u> |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| 33(a) Payment to auditors | | |
| As Auditors | 0.08 | 0.03 |
| Taxation Matters | 0.01 | 0.01 |
| | <u>0.09</u> | <u>0.04</u> |
| 33(b) Expenditure on Corporate Social Responsibility | | |
| Gross amount required to be spent on Corporate Social Responsibility | | |
| (i) Brought Forward | 0.66 | 0.44 |
| (ii) During the year | 0.56 | 0.39 |
| | <u>1.22</u> | <u>0.83</u> |
| Amount spent during the year on | | |
| (i) Construction and/ or acquisition of any asset | 0.85 | - |
| (ii) Other purposes [other than (i) above] | 0.23 | 0.17 |
| | <u>1.08</u> | <u>0.17</u> |
| Amount unspent during the year | <u>0.14</u> | <u>0.66</u> |
| 34 Finance Cost * | | |
| Interest Paid - Banks | 22.92 | 28.80 |
| - Others | 6.15 | 3.18 |
| * Finance Cost is net of interest capitalised of Rs.1.24 Cr (PY 1.50 Cr) | <u>29.07</u> | <u>31.98</u> |
| 35 Income tax expense | | |
| (a) Major Components of Income Tax Expenses | | |
| Current tax | | |
| Current tax on the Taxable Income for the year | 6.10 | 12.15 |
| | <u>6.10</u> | <u>12.15</u> |
| Deferred tax | | |
| Deferred Tax Liabilities on account of Depreciation | 1.40 | 2.69 |
| | <u>1.40</u> | <u>2.69</u> |
| Income tax expense | <u>7.50</u> | <u>14.84</u> |
| b) Reconciliation of Tax Expense and the Accounting | | |
| Profit for the year is as under : | | |
| Enacted income tax rate in India applicable to the Company | 34.61% | 34.61% |
| Profit Before Tax | 25.30 | 36.99 |
| Current tax expense on profit before tax at the enacted Income Tax rate in India | 8.76 | 12.80 |
| Tax effect of the amounts which are not deductible/ (taxable) in calculated taxable income | (2.66) | (0.66) |
| Income tax expense | <u>6.10</u> | <u>12.15</u> |
| Effective Rate of Tax | <u>24.11%</u> | <u>32.84%</u> |
| 36 Earnings per share (Face value per share Rs. 10) | | |
| Profit for the year attributable to owners of the Company | 17.80 | 22.04 |
| Weighted average number of ordinary shares outstanding | 14248000 | 14248000 |
| Basic earnings per share (Rs) | 12.49 | 15.47 |
| Diluted earnings per share (Rs) | 12.49 | 15.47 |
| 37 Foreign exchange earnings and Outgo | | |
| Foreign exchange earnings | 4.04 | 0.93 |
| Foreign exchange Outgo | 21.23 | 243.04 |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

38 Contingent liabilities and Commitments

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| a) Contingent Liability | | |
| 1. Counter Guarantees | 15.94 | 99.50 |
| 2. Disputed Electricity Tax-Pending before Hon'ble Supreme Court | 0.58 | 0.56 |
| 3. Disputed deemed demand for minimum charges pending before Hon'ble High Court of Madras | 0.12 | 0.12 |
| b) Commitments | | |
| 1. Estimated amount of Contracts remaining to be executed on Capital account not provided for | 0.25 | 2.81 |
| 2. The Company has filed compounding applications and representations before NCLT/ RD, ROC in response to Show Cause Notices issued by the ROC for non-compliance of certain provisions of the Companies Act, 1956/ 2013, based on inspection conducted u/s 209(A)/206(5) of the Companies Act 1956/2013. | - | 0.02 |

39 Operating Segments

The Company is engaged in the business of "Wheat Products, Minerals, Detergents and in Generation of Power" and has two reportable segment. As per Ind As 108 "Operating Segments" the same is presented as part of Consolidated Financial Statement.

| Particulars | Year ended March 31, 2019 (unaudited) | Year ended March 31, 2018 (unaudited) |
|---|---|---|
| Sement Revenue | | |
| a) Foods and Windmill | 773.14 | 839.22 |
| b) Minerals and Detergent | 78.20 | 63.65 |
| Revenue from operations (Net) | <u>851.34</u> | <u>902.87</u> |
| Segment Results | | |
| Profit (+) / Loss (-) before tax and finance cost | | |
| a) Foods and Windmill | 33.56 | 64.18 |
| b) Minerals and Detergent | 20.81 | 4.68 |
| Total | <u>54.37</u> | <u>68.86</u> |
| Less : Finance Cost | 29.07 | 31.98 |
| Profit before tax | 25.30 | 36.88 |
| Segment Assets | | |
| a) Foods and Windmill | 240.19 | 360.11 |
| b) Minerals and Detergent | 129.49 | 102.76 |
| c) Other unallocable corporate assets | - | - |
| Total assets | <u>369.68</u> | <u>462.87</u> |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| Particulars | Year ended March 31, 2019 (unaudited) | Year ended March 31, 2018 (unaudited) |
|--|---|---|
| Segment Liabilities | | |
| a) Foods and Windmill | 179.65 | 278.59 |
| b) Minerals and Detergent | 63.87 | 74.46 |
| c) Other unallocable corporate liabilities | - | - |
| Total liabilities | <u>243.52</u> | <u>353.05</u> |
| Capital Employed (Segment assets-Segment liabilities) | | |
| a) Foods and Windmill | 60.54 | 81.52 |
| b) Minerals and Detergent | 65.62 | 28.30 |
| Total capital employed in segments | 126.16 | 109.82 |
| Unallocable corporate assets less corporate liabilities | - | - |
| Total Capital Employed | <u>126.16</u> | <u>109.82</u> |

Information about major customers

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Number of external customers each contributing more than 10% of total revenue | Nil | Nil |
| Total revenue from the above | - | - |
| Total | - | - |

40 Operating lease arrangements

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| As Lessor | | |
| The Company has entered into operating lease arrangements for certain surplus facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. | | |
| Total lease income recognised in the Statement of Profit and Loss | 6.08 | 3.86 |

41 Basis of Consolidation

The Consolidated Financial Statements relate to Naga Limited (the Parent Company) and its subsidiaries (the Parent Company and its subsidiaries together constitute the Group), and its associates.

Principles of consolidation

(a) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IND AS 110) "Consolidated Financial Statements", Indian Accounting Standard 28 (IND AS 28) "Investments in Associates and Joint Ventures" prescribed under Section 133 of the Companies Act, 2013.

(b) The Consolidated Financial Statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.

(c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Consolidated Financial Statements as Goodwill.

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

(d) The difference between the proceeds from the disposal of investments in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal is recognised as profit or loss on disposal of investments in the subsidiary in the Consolidated Statement of Profit and Loss.

(e) Non-controlling interests in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Parent Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

(f) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rate prevailing at the end of the year. An exchange difference arising on consolidation is recognized in the foreign currency translation reserve. The audited/unaudited financial statements of foreign subsidiaries/ associates have been prepared in accordance with Generally Accepted Accounting Principles of its Country of Incorporation or IND As.

(g) The following subsidiaries are considered in the Consolidated Financial Statements:

| Name of the Subsidiary | Principal Activity | Country of Incorporation and operation | Percentage of Ownership Interest | |
|-------------------------------|--------------------|--|----------------------------------|---------------------------|
| | | | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Naga Mills Private Limited | Job Work | Bangladesh | 99.72% | 99.70% |
| Naga Far East Private Limited | Trading | Singapore | 100% | 100% |

(h) The following associates have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Indian Accounting Standard (IND AS) 28 "Investments in Associates and Joint Ventures":

| Name of the Associate | Principal Activity | Country of Incorporation and operation | Percentage of Ownership Interest | |
|--------------------------------|----------------------------|--|----------------------------------|---------------------------|
| | | | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Annai Power Private Limited | Power Generation & Leasing | India | 26.00% | 26.00% |
| Nagalakshmi Energy Private Ltd | Power Generation & Leasing | India | 26.00% | 26.00% |

(i) Additional information as required under Schedule III to the Companies Act, 2013 of entities as Subsidiaries and Associates :

| Name of Company | Net Assets | | Share in Profit and Loss | | Share in Other Comprehensive Income | | Share in Total Other Comprehensive Income | |
|--------------------------------|------------|---------------|--------------------------|---------------|-------------------------------------|---------------|---|---------------|
| | % | Amount in Rs. | % | Amount in Rs. | % | Amount in Rs. | % | Amount in Rs. |
| Naga Limited (Parent) | 100.31% | 126.55 | 101.80% | 18.12 | 100.00% | (0.09) | 101.81% | 18.03 |
| Subsidiaries (Foreign) | | | | | | | | |
| Naga Far East Private Limited | (0.04%) | (0.05) | (0.17%) | (0.03) | - | - | (0.17%) | (0.03) |
| Naga Mills Private Limited | (0.05%) | (0.06) | (0.23%) | (0.04) | - | - | (0.23%) | (0.04) |
| Associates | | | | | | | | |
| Annai Power Private Ltd | (0.22%) | (0.28) | (1.29%) | (0.23) | - | - | (1.30%) | (0.23) |
| Nagalakshmi Energy Private Ltd | - | - | (0.11%) | (0.02) | - | - | (0.11%) | (0.02) |
| | | 126.16 | | 17.80 | | (0.09) | | 17.71 |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

42 Financial Instruments

Capital Management

The Company adheres to a cautious Capital management that seeks to trigger growth creation and maximisation of shareholders' value. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company. The Company has been funding its growth and acquisition plans and working capital requirements through a balanced approach of internal accruals and external debt from banks. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the over all debt component of the Company.

The Following table summarises the capital of the Company:

| | March 31, 2019 | March 31, 2018 |
|---|-----------------------|-----------------------|
| Equity | 126.16 | 109.82 |
| Debt | 196.78 | 277.77 |
| Cash and Cash Equivalents | 9.78 | 27.26 |
| Net Debt | 187.00 | 250.51 |
| Total Equity(Equity + Net Debt) | 313.16 | 360.33 |
| Net Debt to Capital Ratio (No of Times) | 0.60 | 0.70 |
| Categories of Financial Instruments | March 31, 2019 | March 31, 2018 |
| Financial assets | | |
| a. Measured at amortised cost | | |
| Other non-current financial assets | 4.67 | 1.38 |
| Trade receivables | 50.32 | 50.89 |
| Cash and cash equivalents | 4.82 | 6.01 |
| Bank balances other than above | 4.96 | 21.25 |
| Loans given (current) | 0.41 | 0.33 |
| b. Mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Investments (non-current) | 1.62 | 1.61 |
| Derivative instruments | - | - |
| Financial liabilities | | |
| a. Measured at amortised cost | | |
| Borrowings (Non-current) | 120.02 | 123.69 |
| Other non-current financial liabilities | 0.98 | 1.05 |
| Borrowings (Current) | 50.76 | 136.33 |
| Trade payables | 14.64 | 13.53 |
| b. Mandatorily measured at fair value through profit or loss (FVTPL) | | |
| Derivative instruments | 0.13 | 0.18 |

Financial risk management

Objectives and Policies

The Company's financial liabilities comprises mainly of term loan borrowings, trade payables and other payables. The Company's financial assets comprises mainly of cash and cash equivalents, other balances with banks, trade receivables and investments. The Company has financial risk exposure in the form of market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarises the exposure to the financial risks.

1. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises of three types of risk-currency risk, interest risk and other price risk. The financial instruments affected by market risk includes Rupee Term Loan and Loans and Advances.

a) Interest rate exposure

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 has availed significant Rupee Term Loan at floating rate of interest. The Company has not entered into any of the interest rate swaps and hence is exposed to interest rate risk.

Interest rate sensitivity Analysis

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole of the year. A 25 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

| Impact on Profits before Tax | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Interest rates - Increase by 25 basis points | (0.36) | (0.35) |
| - Decrease by 25 basis points | 0.36 | 0.25 |

The increase /decrease in interest rate expense is mainly attributable to Company's exposure to interest rates on its variable rate of borrowings. The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant.

b) Foreign Currency risk exposure

The Company imports wheat, minerals, stores & spares and capital goods for which payables are denominated by foreign currency. The Company is exposed to foreign currency risk on these

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

transactions. The Company follows a conservative and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity coterminous with the maturity period of foreign currency liabilities (underlying). In respect of exports, exports are made against advances received. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

c) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices. The Company's investment in fixed deposits with banks is fixed and hence there is no risk price movement arising to the Company. The Company's equity investments in its Subsidiaries and Associates is for strategic purpose and not held for trading. They are carried at cost and hence are not subject to price related risk. Other investments in equity instruments are held with a view to hold them for long term basis and not for trading.

Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2019

| Currency | Liabilities | | | Assets | | | Net overall exposure on the currency - net assets / (net liabilities) |
|----------|----------------|-----------------------------------|--|----------------|-----------------------------------|------------------------------------|---|
| | Gross exposure | Exposure hedged Using derivatives | Net liability exposure on the currency | Gross exposure | Exposure hedged Using derivatives | Net asset exposure on the currency | |
| USD | 0.61 | 0.54 | 0.06 | - | - | - | - |
| EURO | 0.03 | - | 0.03 | - | - | - | - |
| In INR | 43.08 | 35.47 | 7.61 | - | - | - | - |

As on March 31, 2018

| Currency | Liabilities | | | Assets | | | Net overall exposure on the currency - net assets / (net liabilities) |
|----------|----------------|-----------------------------------|--|----------------|-----------------------------------|------------------------------------|---|
| | Gross exposure | Exposure hedged Using derivatives | Net liability exposure on the currency | Gross exposure | Exposure hedged Using derivatives | Net asset exposure on the currency | |
| USD | 0.14 | 0.14 | - | - | - | - | - |
| In INR | 41.48 | 41.48 | - | - | - | - | - |

2 Credit Risk

The credit risk refers to risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets as trade

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

receivables, bank balances, other balances with banks and other receivables. The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counter parties are Public sector Banks.

Trade receivables consists of a large number of customers. The Company has established a credit policy under which every customer is analysed for credit worthiness. Major customers places advances. The Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes provision at each reporting period wherever outstanding is for longer period and involves higher risk.

3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Company manages the liquidity risk by i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds ii) making available the funds from realising timely maturities of financial assets to meet obligations when due. The liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

Financial arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period :

| | March 31, 2019 | March 31, 2018 |
|--------------------------|----------------|----------------|
| Expiring within one year | 92.22 | 89.67 |
| Expiring beyond one year | - | - |

The Company makes an annual /long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities.

43 Details of Long Term Borrowings

Repayment Terms and Security Details of Long Term Borrowings

- (i) Term loan from The Standard Chartered Bank amounting to Rs.35.47 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs.41.48 Cr) is primarily secured on hypothecation of the assets purchased under the loan and collaterally secured by equitable mortgage on land measuring 4.01 acres at Vedasandur and personal assets of some of the Executive Directors. External commercial borrowings is fully hedged.

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

- (ii) Term loan from The ICICI Bank Limited amounting to Rs.6.53 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 7.82 Cr) is primarily secured by hypothecation of the assets purchased under vehicle loan.
- (iii) Term loan from The HDFC Bank Limited amounting to Rs. 39.66 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 34.88 Cr) is primarily secured on the assets purchased under the loan and personal assets of some of the Executive Directors
- (iv) Term loan from The IDBI Bank Limited amounting to Rs.18.05 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs.18.66 Cr) is primarily secured on the land and building situated at No.133, Trichy Road, Dindigul - 624 005.
- (v) Term loan from The Karur Vysya Bank Limited amounting to Rs.19.01 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 3.75 Cr) is primarily secured by equitable mortgage on Agri Godown located at Dindigul.
- (vi) Term loan from The State Bank of India amounting to Rs.15.93 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs.16.42 Cr) is primarily secured on equitable mortgage of the assets of the Company located at Trichy.
- (vii) Term loan from IndusInd Bank Ltd amounting to Rs.6.98 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 8.87 Cr) is primarily secured by hypothecation on the assets purchased under the loan and land at Seelapadi Village, Dindigul.
- (viii) Term loan from Daimler Benz amounting to Nil outstanding as at 31.03.2019 (Previous year Rs.0.04 Cr) is primarily secured by hypothecation of the assets purchased under vehicle loan.
- (ix) Term loan from Fullerton India Credit Company Limited amounting to Rs. 4.39 Cr (Including Current maturities) outstanding as at 31.03.2019 (Previous year Rs. 4.70 Cr) is secured on the personal assets of some of the Executive Directors.
- (x) Term loan from Bajaj Finance Limited amounting to Nil outstanding as at 31.03.2019 (Previous year Rs.2.82 Cr) is secured on the personal assets of some of the Executive Directors.

Note:

- a) The said loans are repayable in monthly / quarterly instalments.
- b) The Company does not have any continuing default as on the Balance Sheet date in the repayment of loan or interest.
- c) The loans have been guaranteed by some of the Directors of the Company in certain cases.

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

44 Retirement benefit plans

1. Defined contribution plans

The Company makes Provident Fund which is defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the pay roll costs to fund the benefit. The Company recognised Rs 2.61 Cr (year ended 31.03.2018 Rs 2.23 Cr) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

2. Defined benefit plans

a) Gratuity

Gratuity to employees (funded) and Gratuity to Directors(non funded), the most recent actuarial valuation of the plan assets and in respect gratuity to employees scheme, the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan (Employees) and Gratuity(Directors) of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the Gratuity (Employees) benefit through annual contribution and provision is made annually for Gratuity to Directors. The risks are as follows:

b) Compensated Absense

As per the policy of the Company the Compensated Absense is not accumulated

| | |
|------------------------|---|
| Investment risk | The probability or likelihood of occurrence of losses relative to the expected return on any particular investment. |
| Interest risk | The Plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of liability (as shown in financial statements). A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments. |
| Salary escalation risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future, based on past experience. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |
| Demographic Risk | The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions. |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| S.No. | Particulars | Post Employment Benefit | | | |
|------------|--|-------------------------|---------------|--------------------|-------------|
| | | Gratuity-Employees | | Gratuity-Directors | |
| | | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| i | <u>Changes in Defined Benefit Obligation</u> | | | | |
| | Present Value-Opening Balance | 2.07 | 1.71 | 1.51 | 1.28 |
| | Current Service Cost | 0.33 | 0.25 | 0.13 | 0.23 |
| | Interest Cost | 0.15 | 0.11 | - | - |
| | Past services cost | - | 0.08 | - | - |
| | Actuarial (Gains) Losses | 0.15 | 0.17 | - | - |
| | Benefits Paid | (0.18) | (0.25) | - | - |
| | Present Value- Closing Balance | 2.52 | 2.07 | 1.64 | 1.51 |
| ii | <u>Changes in Fair value of Plan Assets</u> | | | | |
| | Opening Balance | 1.78 | 1.47 | - | - |
| | Expected Return | 0.15 | 0.15 | - | - |
| | Actuarial (Gain) /Loss | 0.02 | (0.01) | - | - |
| | Contributions by Employer | 0.51 | 0.42 | - | - |
| | Benefits Paid | (0.18) | (0.25) | - | - |
| | Closing Balance | 2.28 | 1.78 | - | - |
| iii | <u>Amount recognised in the Balance Sheet</u> (as at the Year end) | | | | |
| | Present Value of Obligations | 2.52 | 2.07 | 1.64 | 1.51 |
| | Fair Value of Plan Assets | 2.28 | 1.78 | - | - |
| | Net Asset/(Liability) Recognised | 0.24 | 0.29 | 1.64 | 1.51 |
| iv | <u>Expenses recognised in the Statement of Profit and Loss</u> | | | | |
| | Current Service Cost | 0.33 | 0.25 | 0.13 | 0.23 |
| | Interest on Obligation | 0.13 | 0.15 | - | - |
| | Total included in Employee Benefit Expenses | 0.46 | 0.40 | 0.13 | 0.23 |
| v | <u>Expenses recognised in other Comprehensive Income</u> | | | | |
| | Remeasurement on the net defined benefit Liability | (0.13) | (0.18) | | |
| | Actuarial gains and losses arising from changes in financial assumptions | - | - | | |
| | Actuarial gains and losses arising from changes in experience adjustments | - | - | | |
| | Return on Plan assets | - | - | | |
| | Net Cost in other comprehensive Income | (0.13) | (0.18) | | |
| | Asset Information | | | | |
| | Insurer Managed | 100% | 100% | NA | NA |
| | Principal Actuarial Assumptions | | | | |
| | Discount Rate(%) | 7.62% | 7.71% | | |
| | Future Salary Increase(%) | 5.00% | 5.00% | | |
| | Expected Rate of Return on Plan Assets(%) | 7.40% | 7.50% | | |
| | Expected average remaining life of employees Years | 14.79 | 14.70 | | |
| | Expected Contribution(Rs in Cr) | - | - | | |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

The Company pays contributions to the insurer as determined by them. The Insurance Company has invested the plan assets in Govt securities, debt funds, equity shares, mutual funds and money market instruments. The expected rate of return on plan asset based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligations are discussed above.

45 Related party disclosure

a) List of parties having significant influence

| | |
|--|---|
| Holding company | The Company does not have any holding company |
| Subsidiaries and joint ventures | Naga Far East Private Limited Naga Mills Private Limited |
| Associate Companies | Annai Power Private Limited Nagalakshmi Energy Private Limited |

Key management personnel

| | |
|------------------------|--------------------------------|
| Sri. K.S. Kamalakannan | Chairman and Managing Director |
| Smt. Mageswari Kannan | Joint Managing Director |
| Sri. Sounder Kannan | Whole Time Director |
| Sri. D. Vijay Anand | Technical Director |
| Sri. T.R.Sivaraman | Chief Financial Officer |
| Sri. V. Marikannan | Company Secretary |

Directors

| | |
|---------------------|----------------------|
| Sri. L.A.Irudayaraj | Independent Director |
| Dr. K.Venkatachalam | Independent Director |
| Sri. S.Ramesh | Independent Director |
| Sri. S.Neelakantan | Independent Director |

Relatives of Key Managerial Personnel

| |
|---|
| Smt. Lakshmi Vijay Anand |
| Smt. Monaa Kannan |
| Ms. M. Jayalalitha |
| Sri. M. Sukumar |
| Sri. A.M. Gopinath (Prop. Anugraha International) |
| Smt. Andal Gopinath |

Enterprises over which key managerial are able to exercise significant influence

| |
|---------------------------------------|
| Rohini Enterprises |
| Nagalakshmi Charitable Trust |
| Naga Marine Industries Limited |
| M.M. Detergents Company Private Ltd., |
| Naga Mills Limited |

b) Transaction during the year

| S.No | Nature of transactions | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------|---|------------------------------|------------------------------|
| 1 | Annai Power Private Limited | | |
| | Wind Power Charges paid | 2.54 | 0.21 |
| | Rent Paid | 2.40 | 1.67 |
| 2 | Sri. K.S. Kamalakannan | | |
| | Remuneration | 0.72 | 1.48 |
| | Provision for gratuity * | 0.04 | 0.09 |
| | Rent Paid | 0.69 | 0.56 |
| | Interest Paid | 0.19 | 1.34 |
| | Dividend Paid | 0.49 | 0.49 |
| | Unsecured Loan - Received | 5.42 | 19.95 |
| | - Paid | 5.60 | 24.39 |
| 3 | Smt. Mageswari Kannan | | |
| | Remuneration | 0.61 | 0.85 |
| | Provision for gratuity * | 0.03 | 0.08 |
| | Interest Paid | 0.12 | 0.12 |
| | Dividend Paid | 0.15 | 0.15 |
| | Unsecured Loan - Received | 1.73 | 0.82 |
| | - Paid | 2.92 | 0.25 |
| 4 | Sri. Sounder Kannan | | |
| | Remuneration | 0.54 | 0.85 |
| | Dividend Paid | 0.07 | 0.07 |
| | Provision for gratuity * | 0.03 | 0.04 |
| | Rent Paid | 0.09 | 0.09 |
| | Interest Paid | 0.07 | 0.11 |
| | Unsecured Loan - Received | 1.03 | 1.97 |
| | - Paid | 1.68 | 2.48 |
| 5 | Sri. D. Vijayanand | | |
| | Salary | - | 0.17 |
| | Remuneration | 0.54 | 0.51 |
| | Provision for gratuity * | 0.03 | 0.02 |
| 6 | Sri. T.Nagarajan | | |
| | Remuneration | - | 0.20 |
| 7 | Sri. T.R. Sivaraman | | |
| | Remuneration | 0.15 | 0.02 |
| 8 | Sri. V. Marikannan | | |
| | Remuneration | 0.10 | 0.09 |
| 9 | Smt. Lakshmi Vijay Anand | | |
| | Salary | 0.27 | 0.24 |
| | Dividend Paid | 0.03 | 0.03 |
| 10 | Smt. Monaa Kannan | | |
| | Salary | 0.27 | 0.24 |
| 11 | Ms. M. Jayalalitha | | |
| | Salary | 0.27 | 0.24 |
| 12 | Sri. M. Sukumar | | |
| | Salary | 0.18 | 0.15 |
| 13 | Sri. A.M.Gopinath (Prop. Anugraha International) | | |
| | Commission Paid | 0.09 | 0.08 |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

| S.No | Nature of transactions | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------|---|---|---|
| 14 | Smt.Andal Gopinath Commission Paid | 0.06 | 0.02 |
| 15 | Naga Mills Limited Rental Income | 0.00 | 0.00 |
| 16 | Naga Marine Industries Limited Rent Paid | 0.14 | 0.12 |
| 17 | Nagalakshmi Charitable Trust Donation | 0.37 | 0.40 |
| 18 | Nagalakshmi Energy Private Limited Freight Charges Paid Purchase of Wind Energy | 0.20 1.44 | 0.01 - |
| 19 | M.M. Detergents Company Private Limited Purchases Sales Rental Income Reimbursement of Expenses Purchase - Assets Plant and Machinery rent and maintenance expenses Conversion Income | 172.20 0.83 0.25 - 0.32 0.04 0.07 | 41.02 25.18 0.04 1.85 - 0.08 0.08 |

* Gratuity entitlement is provided but not drawn by the Managerial persons.

c) Balances at the end of the year

| S.No | Nature of transactions | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------|--|------------------------------|------------------------------|
| 1 | Sri. K.S. Kamalakannan Unsecured Loans Remuneration payable | - 0.06 | 0.18 1.51 |
| 2 | Smt. Mageswari Kannan Unsecured Loans Remuneration payable | - 0.06 | 1.18 0.89 |
| 3 | Sri. Sounder Kannan Unsecured Loans Remuneration payable | - 0.05 | 0.65 0.65 |
| 4 | Sri. D. Vijay Anand Remuneration payable | 0.05 | 0.25 |
| 5 | Naga Mills Private Limited Expenses Recoverable | 0.05 | 0.02 |
| 6 | Naga Far East Private Limited Expenses Recoverable | 0.02 | 0.02 |
| 7 | M.M. Detergents Company Private Limited Debtors & Others Receivables | - | 17.81 |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

d) Transaction summary with related parties

| Particulars | Subsidiaries | Associate Companies | Key Management Personnel | Relatives of Key Management Personnel | Enterprises Over Key Managerial are able to exercise significant Influence | Total |
|---|----------------|---------------------|--------------------------|---------------------------------------|--|-------------------|
| Sales | - - | - - | - - | - - | 0.83 [25.18] | 0.83 [25.18] |
| Purchases | - - | - - | - - | - - | 172.52 [41.02] | 172.52 [41.02] |
| Wind Power Charges paid | - - | 3.98 [0.21] | - - | - - | - - | 3.98 [0.21] |
| Conversion income | - - | - - | - - | - - | 0.07 [0.08] | 0.07 [0.08] |
| Lease rent (Plant & Machinery) | - - | - - | - - | - - | 0.04 [0.08] | 0.04 [0.08] |
| Remuneration/Salary | - - | - - | 2.66 [4.00] | 0.99 [1.04] | - - | 3.65 [5.04] |
| Provision for gratuity | - - | - - | 0.13 [0.23] | - - | - - | 0.13 [0.23] |
| Rental Income | - - | - - | - - | - - | 0.25 [0.04] | 0.25 [0.04] |
| Rent Paid | - - | 2.40 [1.67] | 0.78 [0.65] | - - | 0.14 [0.12] | 3.32 [2.44] |
| Freight charges paid | - - | 0.20 [0.01] | - - | - - | - - | 0.20 [0.01] |
| Interest Paid on loan | - - | - - | 0.38 [1.57] | - - | - - | 0.38 [1.57] |
| Commission paid | - - | - - | - - | 0.15 [0.10] | - - | 0.15 [0.10] |
| Dividend paid | - - | - - | 0.71 [0.71] | 0.03 [0.03] | - - | 0.74 [0.74] |
| Donation | - - | - - | - - | - - | 0.37 [0.40] | 0.37 [0.40] |
| Investment in equity shares | - - | 0.10 [0.09] | - - | - - | - - | 0.10 [0.09] |
| Share application money pending allotment | - - | - - | - - | - - | - - | - - |
| Loan received during the year | - - | - - | 8.18 [22.74] | - - | - - | 8.18 [22.74] |
| Loan paid during the year | - - | - - | 10.20 [27.12] | - - | - - | 10.20 [27.12] |
| Trade & Other Receivables | - - | - - | - - | - - | - [17.81] | - [17.81] |
| Expenses Recoverable | 0.07 [0.04] | - - | - - | - - | - - | 0.07 [0.04] |
| Creditors & Other Payables | - - | - - | 0.22 [3.30] | - - | - - | 0.22 [3.30] |

Note : Figures in brackets represent previous year's amounts

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

46 Information relating to subsidiaries
A. Information relating to non-wholly owned subsidiaries with material non-controlling interests

| Name of Subsidiary | Proportion of ownership and voting rights held by non-controlling interest | | Total Other Comprehensive allocated to non-controlling interest | | Accumulated non-controlling interest | |
|-------------------------------|--|----------------|---|----------------|--------------------------------------|----------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Naga Far East Private Limited | NIL | NIL | NIL | NIL | NIL | NIL |
| Naga Mills Private Limited | 0.28% | 0.30% | NIL | (0.05) | 0.28% | 0.30% |

Both the Companies have been incorporated during 17-18. While Naga Far East Private Limited has commenced its operations in the year 2018-19, Naga Mills Private Limited is yet to commence its operations.

Summarised financial information in respect of each of the Groups subsidiaries that has material non-controlling interests as set out below. The summarised financial information below represents amounts before intragroup eliminations.

(Values represented in the table are in INR/USD/BDT)

| Details | NAGA FAR EAST PRIVATE LTD | | NAGA MILLS PRIVATE LIMITED | |
|--|---------------------------|----------|----------------------------|------------|
| | Year ended March 31, 2019 | | Year ended March 31, 2019 | |
| | in INR | in USD | in INR | in BDT |
| Current assets | 48,87,876 | 70,808 | 77,639 | 94,062 |
| Non-current assets | - | - | - | - |
| Total assets | 48,87,876 | 70,808 | 77,639 | 94,062 |
| Current liabilities | 2,55,480 | 3,701 | 6,24,622 | 7,56,751 |
| Non-current liabilities | - | - | - | - |
| Total liabilities | 2,55,480 | 3,701 | 6,24,622 | 7,56,751 |
| Equity attributable to owners of the Company | 46,32,396 | 67,107 | (5,45,452) | (6,60,833) |
| Non-controlling interests | - | - | (1,532) | (1,856) |
| Revenue | - | - | - | - |
| Expenses (including tax) | 3,18,021 | 4,607 | 4,39,157 | 5,32,054 |
| Profit for the year | (3,18,021) | (4,607) | (4,39,157) | (5,32,054) |
| Attributable to owners of the company | (3,18,021) | (4,607) | (4,37,927) | (5,30,564) |
| Attributable to non-controlling interests | - | - | (1,230) | (1,490) |
| Profit for the year | (3,18,021) | (4,607) | (4,39,157) | (5,32,054) |
| OCI attributable to owners of the company | - | - | - | - |
| OCI attributable to non-controlling interests | - | - | - | - |
| Other comprehensive income for the year | - | - | - | - |
| Total Comprehensive Income attributable to Owners of the company | - | - | - | - |
| Total Comprehensive Income attributable to non-controlling interests | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - |
| Dividend paid to non-controlling interest | - | - | - | - |
| Net cash from operating activities | (25,88,142) | (37,493) | (2,183) | (2,645) |
| Net cash from investing activities | - | - | 79,820 | 96,707 |
| Net cash from financing activities | - | - | - | - |
| Net Cash (outflow)/ Inflow | (25,88,142) | (37,493) | 77,637 | 94,062 |

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

B Goodwill on consolidation

| Particulars | Year ended | |
|--|---------------------------|---------------------------|
| | March 31, 2019(unaudited) | March 31, 2018(unaudited) |
| Goodwill at the beginning of the year | 0.00 | 0.00 |
| Add: Goodwill recognised during the year | 0.00 | 0.00 |
| Goodwill at the end of the year | - | - |
| Less: Impairment during the year | 0.00 | 0.00 |
| Carrying amount of goodwill | - | - |

Allocation of goodwill to cash generating units

Each of the subsidiaries is identified as a separate cash generating unit. Goodwill has been allocated for impairment testing purposes to these cash-generating units.

| Particulars | Year ended | |
|-------------------------------|---------------------------|---------------------------|
| | March 31, 2019(unaudited) | March 31, 2018(unaudited) |
| Naga Far East Private Limited | 0.00 | 0.00 |
| Naga Mills Private Limited | 0.00 | 0.00 |
| | - | - |

Cash-generating units to which goodwill is allocated are tested for impairment annually at each reporting date or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit. The Group believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

47 Information relating to associates

There are no associates which are individually material and thus, only aggregate information of associates that are not individually material is given below

| Aggregate information of the associates | Year ended | |
|--|-------------------------------|-------------------------------|
| | March 31, 2019 (unaudited) | March 31, 2018 (unaudited) |
| The Group's Share of profit / (loss) from continuing operations | (0.25) | (0.08) |
| The Group's Share of other comprehensive income | 0.00 | 0.00 |
| Aggregate carrying amount of the Group's interests in these associates | 0.10 | 0.09 |
| Unrecognised share of loss of an associate for the year* | - | - |
| Cumulative share of profit/ loss of an associate | (0.33) | (0.08) |

* consequent to investment being nil under equity accounting

Notes to Financial Statements for the year ended 31st March, 2019 (Consolidated)

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

48 Results - Power Generation (Captive Power)

| Particulars | As at 31-Mar-19 | As at 31-Mar-18 |
|--------------------------------|--------------------|--------------------|
| Operating Income | 11.93 | 12.94 |
| Profit Before Interest and Tax | 5.94 | 7.85 |
| Less : Interest Expenses | 1.00 | 1.62 |
| Profit Before Tax | 4.94 | 6.23 |

49 Expenditure on Scientific Research

| Nature | As at 31-Mar-19 | As at 31-Mar-18 |
|-----------------------------|--------------------|--------------------|
| a) Revenue | | |
| U/s 35(2AB) | 0.67 | - |
| U/s 35(1)(iv) | 0.15 | 0.11 |
| b) Capital | | |
| U/s 35(2AB) | 0.61 | - |
| U/s 35(1)(iv) | 3.64 | 0.43 |
| c) Capital Work-in-Progress | | |
| U/s 35(2AB) | - | - |
| U/s 35(1)(iv) | 0.02 | - |

50 Approval of Financial Statements

The Financial Statements were approved for issue by the Board of Directors at their meeting held on 23rd May, 2019.

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

V. MARIKANNAN
Company Secretary
M.No. A30767

Place : Dindigul
Date : 23rd May, 2019

ANNEXURE TO THE CONSOLIDATED FINANCIAL STATEMENT

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with
Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/ associate
companies / joint ventures**

Part “A”: Subsidiaries

(Rs. in Lakhs)

| | | | |
|----|---|---|---|
| 1 | Name of the subsidiary | Naga Far East Private Limited, Singapore | Naga Mills Private Limited, Bangladesh |
| 2 | The date since when subsidiary was acquired | 13 th September 2017 | 06 th February 2018 |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company’s reporting period | April to March | July to June |
| 4 | Reporting currency and Exchange rate as on the last date of the Financial year | United States Dollar 1 USD = 69.03 INR | Bangladeshi Taka (BDT) 1 BDT = 0.8254 INR |
| 5 | Share Capital (including Share Application) | 52.30 | 0.80 |
| 6 | Reserves and surplus | (5.97) | (6.27) |
| 7 | Total assets | 48.88 | 0.78 |
| 8 | Total Liabilities | 2.55 | 6.25 |
| 9 | Investments | - | - |
| 10 | Turnover | 3.60 | - |
| 11 | Profit/ (loss) before taxation | (3.18) | (4.39) |
| 12 | Provision for taxation | - | - |
| 13 | Profit/ (loss) after taxation | (3.18) | (4.39) |
| 14 | Proposed Dividend | - | - |
| 15 | % of shareholding | 100.00% | 99.72% |

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies:

(Rs. in Lakhs)

| Name of associates | Annai Power Private Limited | Nagalakshmi Energy Private Limited |
|--|--|---------------------------------------|
| Latest audited Balance Sheet Date | 31 st March, 2019 | 31 st March, 2019 |
| Shares of Associate held by the company on the year end: No : | 364,00 Equity Shares of Rs.100 each | 26,000 Equity Shares of Rs.10 each |
| Amount of Investment in Associate / Joint Venture | 36.40 | 2.60 |
| Extent of Holding % | 26% | 26% |
| Description of how there is significant influence | Equity holding | Equity holding |
| Reason why the associate is not consolidated | Not applicable | Not applicable |
| Net worth attributable to shareholding as per latest audited Balance Sheet | (28.30) | (0.40) |
| Profit Loss for the year: Considered in Consolidation | (23.00) | (2.40) |
| Not Considered in Consolidation | - | (20.70) |

Part “C” Joint Venture - There are no Joint Ventures in the Group.

ENTITIES FORMED/ ACQUIRED AND CEASED DURING THE FINANCIAL YEAR 2018 - 19 :

| S. No. | Name of the Subsidiary/ Associate Company |
|--------|---|
| A | Formed/ Acquired: Nil |
| B | Ceased: Nil |

For and on behalf of the Board

K.S. KAMALAKANNAN
Chairman & Managing Director
DIN : 01601589

MAGESWARI KANNAN
Joint Managing Director
DIN : 02107556

As per our report of even date
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No : 003556S)

M.K. RAVINDRAN
Partner
M.No: 020887

T.R. SIVARAMAN
Chief Financial Officer
M.No:023228

V. MARIKANNAN
Company Secretary
M.No. A30767

Place : Dindigul
Date : 23rd May, 2019



**FORM NO. MGT 11
PROXY FORM**

(Pursuant to section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

NAGA LIMITED

(CIN L24246TN1991PLC020409)

Registered Office : No.1, Anna Pillai Street, Chennai - 600 001.

E-mail : marikannanv@nagamills.com, Website : www.nagamills.com

Phone/Fax : 044-25363535

| | |
|--------------------------------|--|
| Name of member(s) : | |
| Registered address : | |
| E Mail Id : | |
| Folio No. / DPID - Client ID : | |

I/We, being the member(s) holding _____ shares of the above named Company, hereby appoint :

1) Name _____ E Mail : _____
Address : _____
_____ Signature _____ Or failing him / her

2) Name _____ E Mail : _____
Address : _____
_____ Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 28th Annual General Meeting of the Company, to be held on Thursday, 26th day of September, 2019 at 10.00 A.M. at Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai-600 008 and at any adjournment thereof in respect of such resolutions, as are indicated below :

| Resolution No. | Description | Type of Resolution | * Optional | |
|-------------------|---|--------------------|------------|---------|
| | | | For | Against |
| Ordinary Business | | | | |
| 1. | Adoption of Audited Financial Statements (Standalone & Consolidated) and Reports of the Board Ordinary of Directors and Auditors for the financial period ended on 31st March 2019. | | | |
| 2. | To declare a final dividend on the equity shares for the financial year ended 31st March 2019. | Ordinary | | |
| 3. | To appoint a director in place of Smt. Mageswari Kannan (DIN 02107556), who retires by rotation and being eligible, offers herself for re-appointment. | Ordinary | | |
| Special Business | | | | |
| 4. | To approve the remuneration of the Cost Auditor for the Financial Year 2019-20 | Ordinary | | |
| 5 | Reappointment of Sri. S. Ramesh (DIN 01620265) as an Independent Director of the Company for second consecutive term of 5 years | Special | | |
| 6 | Reappointment of Sri. L.A. Irudayaraj (DIN 01973946) as an Independent Director of the Company for second consecutive term of 5 years | Special | | |
| 7 | To approve the revision of remuneration of Sri. K.S. Kamalakannan (DIN 01601589), Chairman & Managing Director of the Company. | Special | | |
| 8 | To approve the revision of remuneration of Smt. Mageswari Kannan (DIN 02107556), Joint Managing Director of the Company. | Special | | |

| | | | | |
|----|--|---------|--|--|
| 9 | To approve the revision of remuneration of Sri. Sounder Kannan (DIN 01603823), Whole-Time Director of the Company. | Special | | |
| 10 | To approve the revision of remuneration of Sri. Vijay Anand (DIN 07400565), Technical Director of the Company. | Special | | |

Signed this day of 2019

Signature of Shareholder : Signature of Proxy holder(s) :

| |
|---------------------------------|
| Affix Re. 1 revenue stamp |
|---------------------------------|

NOTE:

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting;
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 28th AGM;
- *3. It is optional to put a 'tick' in the appropriate column against the Resolution indicated in the Box, if you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate;
4. Please complete all details including details of member(s) in above box before submission.

Attendance Slip

NAGA LIMITED

(CIN L24246TN1991PLC020409)

Registered Office : No.1, Anna Pillai Street, Chennai - 600 001.

E-mail : marikannanv@nagamills.com, Website : www.nagamills.com

Phone/Fax : 044-25363535

28th Annual General Meeting - September 26, 2019

Registered Folio No. / DP ID No. / Client ID No.

| | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
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Number of Shares held

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

I certify that I am a member / proxy for the members of the Company.

I hereby record my presence at the 28th Annual General Meeting of the Company at the Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai - 600 008 on Thursday, 26th day of September 2019 at 10.00 A.M.

.....

Name of the Member / Proxy
(in BLOCK letters)

.....

Signature of the Members / Proxy

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall, members are requested to bring their copies of the Annual Report to the AGM.

CORPORATE SOCIAL RESPONSIBILITY (CSR)



Contribution to Construction of Roundabout to Spread Road Safety awareness of Rs.18.36 Lakhs at Trichy Road Junction, Dindigul.

CORPORATE SOCIAL RESPONSIBILITY (CSR)



Company's Contribution of Rs.11 Lakhs presented to Hon'ble
Chief Minister of Tamilnadu Sri.Edappadi K.Palaniswami
towards Gaja Cyclone Relief Fund