

# naga



## LIMITED



**24<sup>th</sup>**

## ANNUAL REPORT

## 2014 - 2015



<p><b>Board of Directors:</b></p> <p>Sri. K.S.Kamalakaran, Chairman &amp; Managing Director</p> <p>Smt. Mageswari Kannan, Joint Managing Director</p> <p>Sri. Sounder Kannan, Whole-Time 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><b>Company Secretary</b> Sri. V. Marikannan</p> <p><b>Statutory Auditors</b> M/s. D. Sampathkumar &amp; Co., Chartered Accountants, Chennai.</p>	<p><b>Registered Office:</b></p> <p>No.1, Anna Pillai Street, Chennai - 600001. CIN : L24246TN1991PLC020409 Telephone/fax : 044-2536353 Website : www.nagamills.com email : marikannanv@nagamills.com</p> <p><b>Factories:</b></p> <ol style="list-style-type: none"> <li>1) Naga Limited - Foods (Unit - I), No.1, Trichy Road, Dindigul - 624 005</li> <li>2) Naga Limited - Foods (Unit - II), No.133, Trichy Road, Dindigul - 624 005</li> <li>3) Naga Limited - Retail, No.1, Modern Nagar, Karur Road, Dindigul - 624 005</li> <li>4) Naga Limited - Minerals, No.9, Trichy Road, Dindigul - 624 005</li> <li>5) Naga Limited - Detergents, No.1, Oddanchatram Road, Vedasandur - 624 710</li> </ol> <p><b>Registrar and Share Transfer Agent:</b> Ms/. Cameo Corporate Services Ltd “Subramanian Building”, No.1, Club House Road, Chennai - 600 002.</p> <p><b>Bankers:</b> The Axis Bank Ltd.,, Dindigul The HDFC Bank Ltd., Dindigul The State Bank of India, Dindigul The Karur Vysya Bank, Dindigul The Standard Chartered Bank, Mumbai</p>																				
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<p style="text-align: center;"><b>Request</b></p> <p>In order to save paper, hard copies of Annual Report may not be distributed at the AGM. Desiring Share Holders may carry their copy while they attend meeting.</p>	<p style="text-align: center;"><b>24th Annual General Meeting</b></p> <p>Date &amp; Time : 27.07.2015, 10.00 A.M. Venue : The Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 8.</p>																				

**CHAIRMAN'S SPEECH**

**DEAR STAKEHOLDERS OF NAGA,**

On behalf of the Board of Directors of your Company, it is a great honour and privilege for me to extend a very warm welcome to each one of you for the 24th Annual General Meeting of your Company, and presenting the financial statements for the year 2014-15.

The statement of Profit & Loss, Director's Report, the Audited Balance sheet and the Auditors Report of your company for the year ended 31st March, 2015 have already been with you for some time. With your permission, I take them as read.

Your Company has shown a growth in its consolidated revenues by Rs.4,108.42 Lacs over the previous year, touching Rs.46,575.44 Lacs.

Your Company could have achieved still a good increase in overall revenues as compared to the previous year, but for the stiff challenges and intense competition.

The total production of all Divisions has raised to 387891 MT as against previous year production of 383837 MT.

**FOODS AND RETAIL :**

There is an increase of 10.48% in production during the current year as compared to the previous year. We are expecting same level of growth during this year also.

Production data for past 5 years are given below :



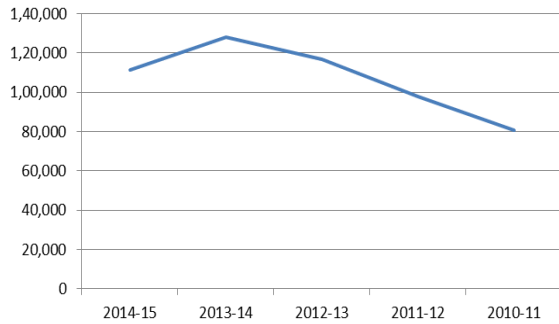
Year	Production MT	Growth %
2014-15	1,62,161	10
2013-14	1,46,769	8
2012-13	1,35,220	--
2011-12	1,35,216	4
2010-11	1,30,309	16

**DETERGENTS :**

Naga, is the third largest manufacturer of detergents of M/s Hindustan Unilever Limited. There is a drop of about 13% in production during the current year when compared to the previous year.

The production data for the past 5 years are given below :

### DETERGENTS



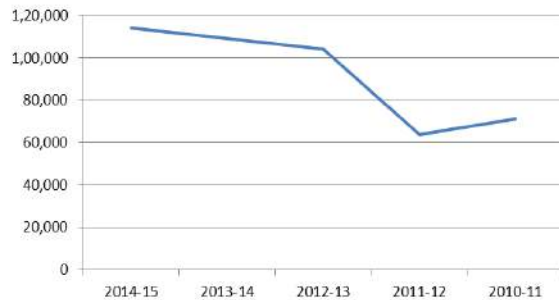
Year	Production MT	Growth %
2014-15	1,11,624	(13)
2013-14	1,28,077	10
2012-13	1,16,891	20
2011-12	97,657	21
2010-11	80,645	21

### MINERALS :

The minerals division has witnessed a growth of about 5% in production during the year, as compared to the previous year. We are exploring new markets in paint industry and also new product innovation for electrode industry.

The production data for the past 5 years are given below :

### MINERALS

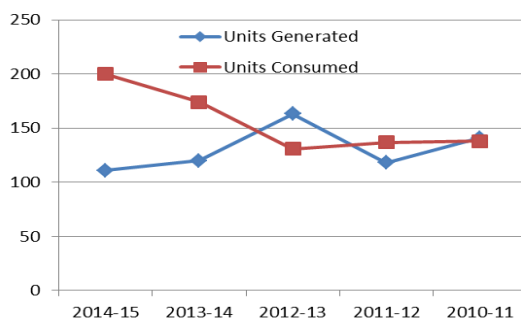


Year	Production MT	Growth %
2014-15	1,14,106	5
2013-14	1,08,991	5
2012-13	1,03,950	61
2011-12	63,889	(10)
2010-11	70,965	4

### WIND & SOLAR POWER :

The Energy Division now has 11 windmills. The generation during the current year is less than the previous year by about 9 lacs units. The lesser generations is due to poor evacuation by TANGEDCO. The details of units generated and consumed during the past 5 years are given below :

(Units in Lacs)



Year	Units Generated	Units Consumed	Excess / (Short) Consumption
2014-15	111	200	89
2013-14	120	174	54
2012-13	163	131	(32)
2011-12	118	137	19
2010-11	141	138	(3)

The 600KW solar power was commissioned / grid connected at the Detergents unit, Vedsandur during the year 2014-2015, which will ensure optimum usage of energy generated.

**FINANCIAL INFORMATION :**

**FINANCE :**

(A) Our Turnover has increased by 9.67%

(B) Our EBIDTA has decreased by 9.71%

(C) Our Cash Profit has decreased by 7.77%

**DIVIDEND POLICY:**

Taking into consideration the overall profitability position, the Board of Directors have recommended a dividend of 8% on the Equity Share of Rs. 10/- each for the year 2014-15. The total amount of equity dividend payable including dividend tax is Rs. 137.83 Lacs.

**GRATITUDE:**

We are thankful to the all stakeholders, viz Shareholders, Directors, Employees, Banks and Financial institutions, Auditors, Consultants, Service Providers, Government Departments and above all for the customers for their continued support and encouragement.

**GOD BE WITH NAGA FAMILY.**

**K.S. Kamalakannan**  
Chairman & Managing Director.

**NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of M/s. NAGA LIMITED will be held at the Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai - 600 008 on Monday, the 27th July, 2015 at 10.00.A.M to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended on 31st March 2015 consisting of Audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare a dividend on the equity shares of the Company.
3. To appoint a director in place of Mrs. Mageswari Kannan (holding DIN 02107556), who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and The Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. D.Sampathkumar & Co., Chartered Accountants, Chennai having ICAI Firm Registration No.003556S, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company for the Company's financial year 2015-16, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and reimbursement of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company.”

**SPECIAL BUSINESS:**

5. To approve the remuneration of the Cost Auditor for the Financial year ending 31st March, 2016 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 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 year 2015-16 to Dr. I.Ashok, CMA (M. No.11929), Cost Accountant appointed by the Board of Directors of the Company on 28th May, 2015 to conduct the audit of cost records for Minerals Division of the Company for the financial year 2015-16, amounting to Rs.25,000/- (Rupees Twenty Five Thousand Only) plus service tax as applicable and reimbursement of conveyance on actual basis as incurred by them in connection with the aforesaid audit be and is hereby approved and confirmed.”

6. To amend the Articles of Association of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as Special Resolution.

“RESOLVED THAT pursuant to the provisions of Section 5, 14 and any other applicable provisions, if any, of the Companies Act, 2013, approval of the shareholders be and is hereby accorded to the Company to amend the Articles of Association of the Company in the following manner:

“To adopt Table F under the new Companies Act, 2013, in place of Table A under the old Companies Act, 1956, and replace the relevant sections of the Companies Act, 1956 in various Articles by the corresponding sections of the Companies Act, 2013 and adopt the same.”

“RESOLVED FURTHER that Sri. K.S.Kamalakaran, Chairman and Managing Director and Smt. Mageswari Kannan, Joint Managing Director of the Company be and are hereby authorized severally to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

Place : Chennai  
Date : 28.05.2014

BY ORDER OF THE BOARD  
For NAGA LIMITED

Sd/-  
V. Marikannan  
Company Secretary

**Note:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument appointing the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

3. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No.19. The Company will also send communication relating to e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.

4. Pursuant to Clause 49 of the Listing Agreement additional information on directors seeking re-appointment at the annual general meeting is provided in the annual report.

5. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.07.2015 to 27.07.2015 (both days inclusive).

6. Unclaimed dividend for the year(s) 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 are held in separate Bank accounts and shareholders who have not received the dividend / encashed the warrants are advised to write to the Company with complete details.

7. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the meeting.
8. Members holding shares in physical form are requested to notify change of address and change in bank mandate if any, to M/s. Cameo Corporate Services Limited, "Subramanian Building" No. 1, Club House Road, Chennai - 600 002, the Registrar and Share Transfer Agents and those who hold shares in dematerialized form are requested to notify their Depository Participants (DP) any change in address and/or bank mandate.
9. Members who are holding shares more than one folio under physical form may approach the Company's Share Transfer Agent for consolidation with respective details.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
11. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
12. Electronic copy of the Annual Report for the financial period ended 31.03.2015 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode.
13. Electronic copy of the Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
14. Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report for the financial period ended on 31.03.2015 will also be available on the Company's website [www.nagamills.com/Investor](http://www.nagamills.com/Investor) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to him at the Registered office address or e-mail their grievances/queries to the Company Secretary at the following e-mail address: [marikannanv@nagamills.com](mailto:marikannanv@nagamills.com).



15. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

16. Members seeking any information or clarifications on the Annual Report are requested to send the written queries to the Company at least Two Weeks before the meeting to enable the Company to compile the information and provide replies at the meeting.

17. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.

18. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

19. Informations and other information relating to e-voting.

- 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 24th 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 24th July, 2015 (10.00 am) and ends on 26th July, 2015 (5.00 pm) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20th July, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- Click on “Shareholders” tab.
- 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](http://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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<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>
<b>Dividend Bank Details or Date of Birth (DOB)</b>	<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 (v).</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 <Company Name> 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 out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

- If a Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- 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 <https://www.evotingindia.co.in> 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](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorized by him on 30th July, 2015. The results declared along with the Scrutinizer's report, will be posted on the Company's website and on CDSL's website on 30th July, 2015.

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

##### **Item No.5:**

The Board of Directors of the Company, at their meeting held on 28th May, 2015 on the recommendation of the Audit Committee, approved the appointment and remuneration of Dr. I.Ashok, CMA (M. No.11929), Cost Accountant, to conduct the audit of the cost records for Minerals Division of the Company for the financial year 2015-16 at a remuneration of Rs.25,000/- plus service tax as applicable 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 Members of the Company. Accordingly, the Members are requested to approve the remuneration payable to the Cost Auditors for the year 2015-16 as set out in the Resolution for the aforesaid services to be rendered by them.

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.6 :**

With the introduction of Companies Act, 2013 which has been notified and became effective,

all listed public limited companies, limited by shares need to adopt Table 'F' in place of Table 'A' of erstwhile Companies Act, 1956. To comply with the above provisions, it is proposed to adopt Table 'F' as the Articles of Association of the Company. The shareholders approval is required to adopt Table 'F' and authorise the Board of Directors to give effect to this and amend the Articles of Association of the Company accordingly.

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

**GENERAL INFORMATION**

- 1) Nature of Industry : Manufacturing of Wheat products, Detergents, Minerals and Generation of Wind & Solar 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 : Net Profit Rs. 762 lakhs  
: Current Ratio : 1.03 : 1
- 5) Export performance and Net foreign exchange collaborations : Nil
- 6) Foreign Investments or collaborations, if any : Nil

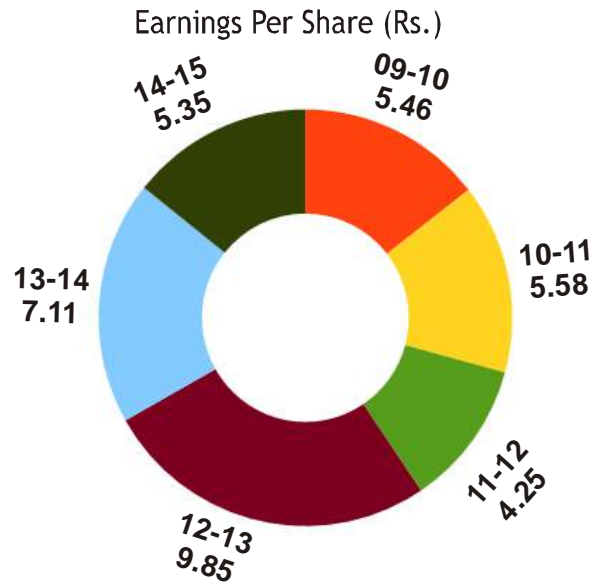
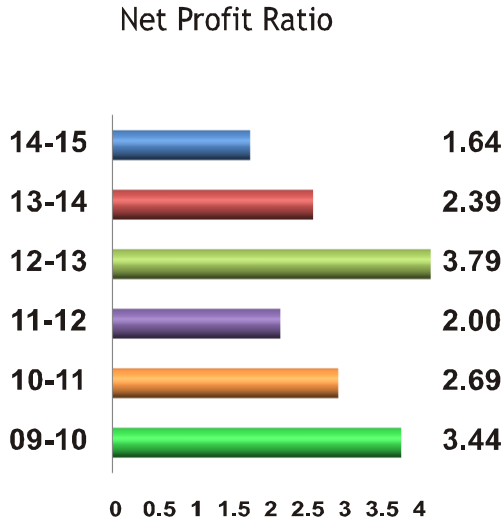
**Details of Director seeking re-appointment at the Annual General Meeting:**

- 1) Name of Director : Smt. Mageswari Kannan
- 2) Date of Birth : 27th January 1959
- 3) Date of Reappointment : 1st August 2014
- 4) Qualification : B.Sc.,
- 5) Expertise in specific area : Experience in Flour Milling & Detergent Industries for the past 35 years.
- 6) Directorship held in other public Companies : 2
- 7) Membership / Chairmanship of Committees of the public companies (includes only Audit and Shareholders / Investors Grievance Committee) : Nil
- 8) No. of shares held in the Company : 1855220

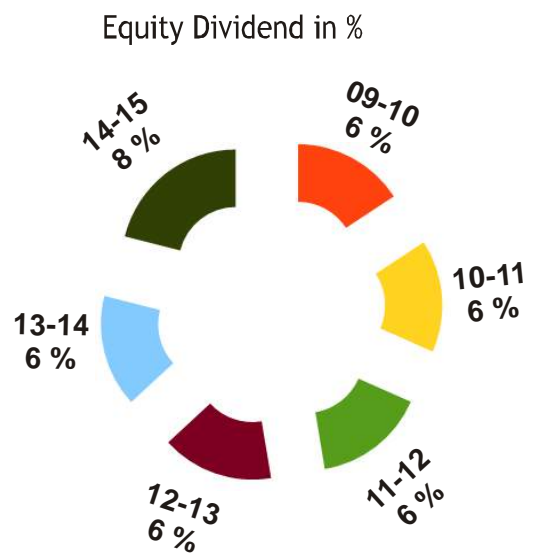
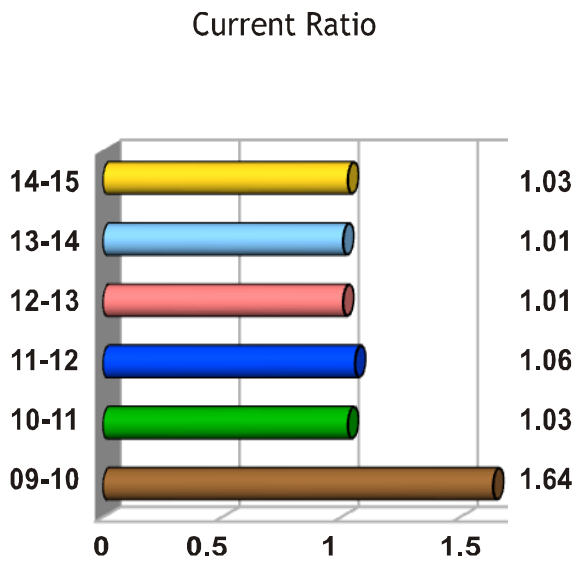
Place : Chennai  
Date : 28.05.2015

BY ORDER OF THE BOARD  
For NAGA LIMITED  
Sd/-  
V. Marikannan  
Company Secretary

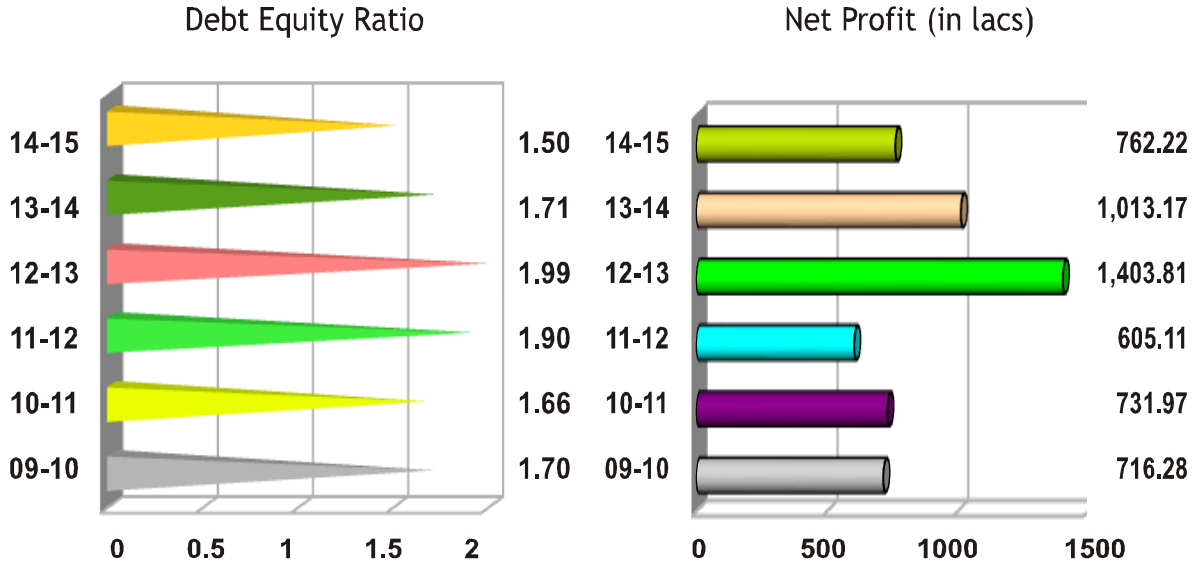
FINANCIAL INDICATORS						
Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Net Profit Ratio	1.64 %	2.39 %	3.79 %	2.00 %	2.69 %	3.44 %
Earnings Per Share (Rs.)	5.35	7.11	9.85	4.25	5.58	5.46



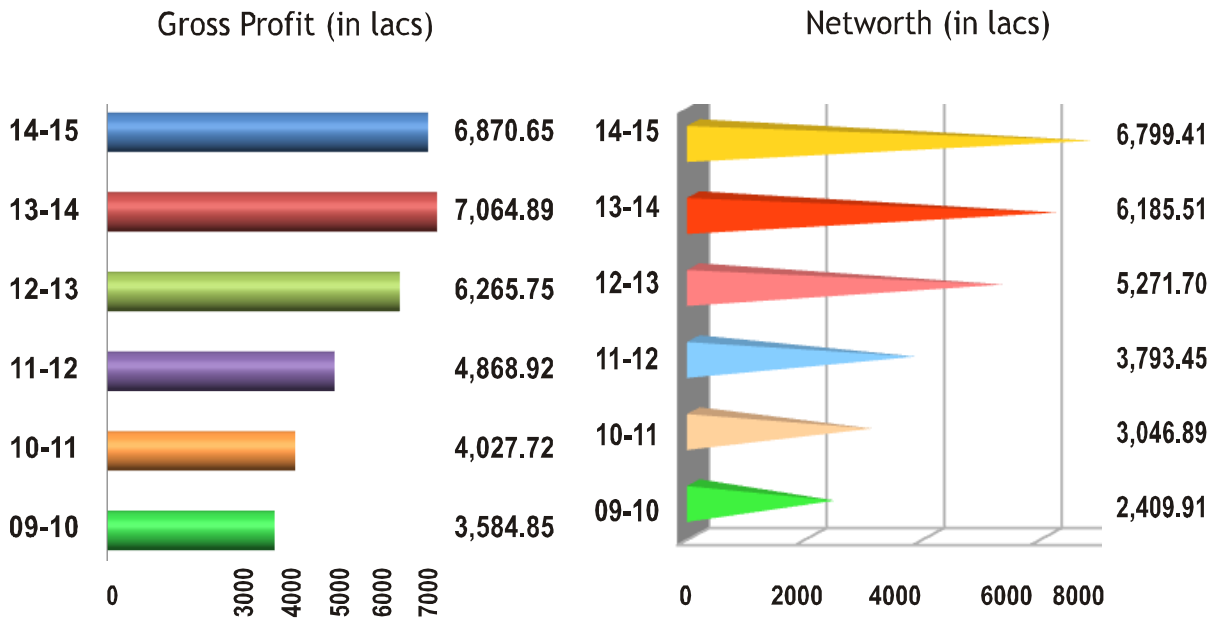
Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Current Ratio	1.03	1.01	1.01	1.06	1.03	1.64
Equity Dividend in %	8 %	6 %	6 %	6 %	6 %	6 %



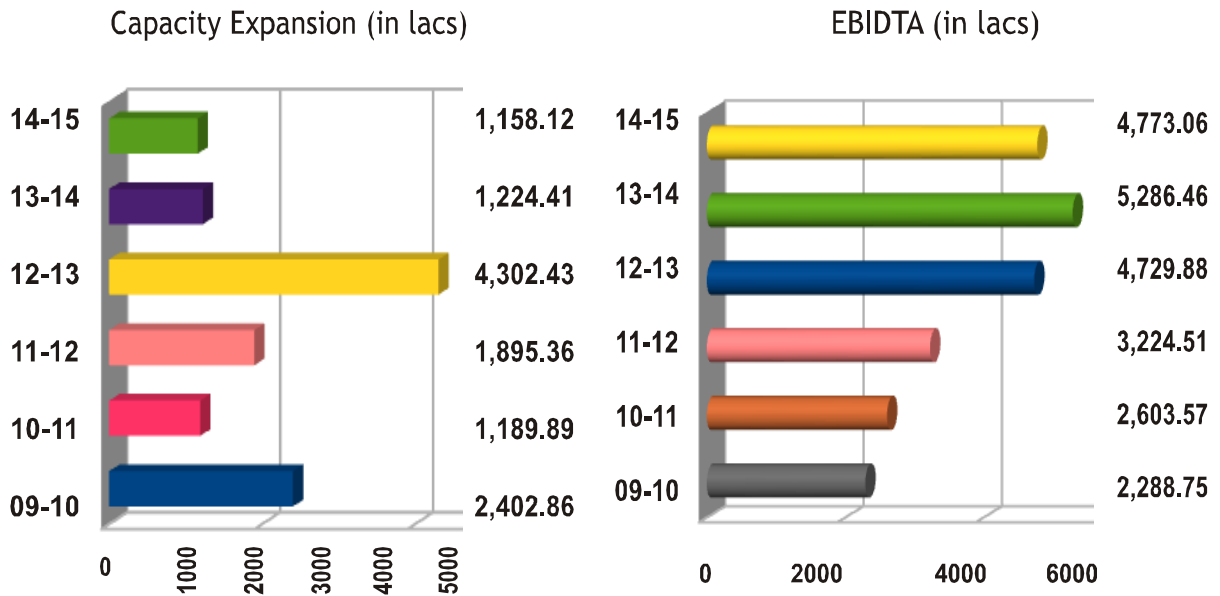
Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Debt Equity Ratio	1.50	1.71	1.99	1.90	1.66	1.70
Net Profit (in lacs)	762.22	1013.17	1403.81	605.11	731.97	716.28



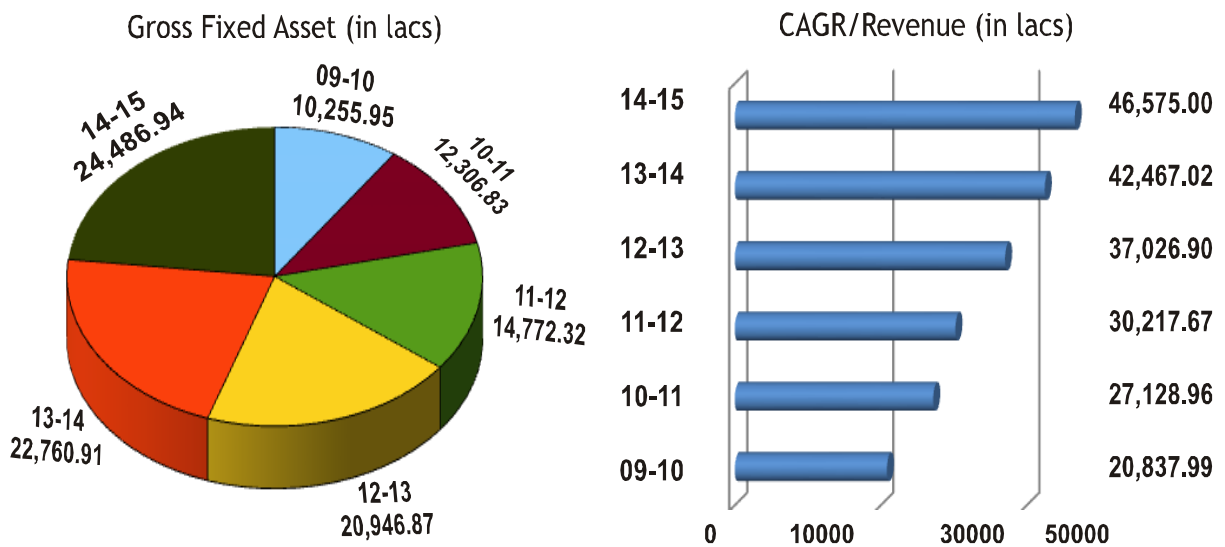
Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Gross Profit (in lacs)	6,870.65	7,064.89	6,265.75	4,868.92	4,027.72	3,584.85
Networth (in lacs)	6,799.44	6,185.51	5,271.70	3,793.45	3,046.89	2,409.91



Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Capacity Expansion (in lacs)	1,158.12	1,224.41	4,302.43	1,895.36	1,189.89	2,402.86
EBIDTA (in lacs)	4,773.06	5,286.46	4,729.88	3,224.51	2,603.57	2,288.75



Year	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Gross Fixed Asset (in lacs)	24,486.94	22,760.91	20,946.87	14,772.32	12,306.83	10,255.95
CAGR/Revenue (in lacs)	46,575.00	42,467.02	37,026.90	30,217.67	27,178.96	20,837.99



# Certificate of Registration

## Intertek

This is to certify that the food safety management system of

### Naga Limited Foods

No: 1, Trichy road, Dindigul-624005, Tamilnadu, India

has been assessed and registered by Intertek as conforming to the requirements of

### FSSC 22000

**Certification scheme for food safety systems including ISO 22000:2005, ISO/TS 22002-1:2009, and additional FSSC 22000 requirements.**

This certificate is provided on the basis of the FSSC 22000 certification scheme, version 3, published 10 April, 2013. The certification system consists of an annual audit of the food safety management systems and an annual verification of the PRP elements and additional requirements as included in the scheme and ISO/TS 22002-1.

The food safety management system is applicable to

*Processing (cleaning, conditioning, Milling, Sifting, Purifying, Storage) and packing of wheat products and by products (Maida, Sooji, Fine Sooji, Atta, Bran Flakes & Fine Bran).*



Category Code: E  
 Certificate Number: 09161405002  
 Certificate Issue Date: 27 November 2014  
 Certificate Expiry Date: 26 November 2017



014

Authorised Signature: Calin Moldovean – President, Business Assurance  
 Intertek Certification Limited, 10A Victory Park, Victory Road, Derby DE24 8ZF, United Kingdom  
 Intertek Certification Limited is a UKAS accredited body under schedule of accreditation no. 014

In the issuance of this certificate, Intertek assumes no liability to any party other than to the client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organization maintaining their system in accordance with Intertek's requirements for systems certification. Validity may be confirmed via email at [certificate.validation@intertek.com](mailto:certificate.validation@intertek.com) or by scanning the code to the right with a smartphone.



The certificate remains the property of Intertek, to whom it must be returned upon request.

CT-FSSC22000:2010-EN-A4-19.aug.13



# Certificate of Registration



This is to certify that

**NAGA LTD (FOODS) UNIT -II**

BRC Site Code: 1790138

Site Address: No 133, Trichy Main Road, Dindigul – 624005, Tamil Nadu, India.

has been evaluated by Intertek Certification Ltd and found to meet the requirements of

**GLOBAL STANDARD for FOOD SAFETY  
ISSUE 6: JULY 2011**

**Scope:** Pre-cleaning, inspection, fumigation and bulk storage of ambient stable food grains like wheat.

**Exclusions from Scope:** None  
**Product Category(ies):** 15  
**Achieved Grade:** A  
**Audit Programme:** Announced



**Certificate Number:** 091A1412006  
**Auditor Number:** 168094  
**Certificate Issue Date:** 01 Mar 2015  
**Dates of Audit:** 26-27 Dec 2014  
**Re-audit Due Date:** From 28 Nov 2015  
To 26 Dec 2015  
**Certificate Expiry Date:** 06 Feb 2016



Calin Moldovean, President  
Intertek Certification Ltd – 10a Victory Park, Victory Road, Derby DE24 8ZF, United Kingdom

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If you would like to feedback comments on the BRC Global Standard or the audit process directly to BRC, please contact [enquiries@brcglobalstandards.com](mailto:enquiries@brcglobalstandards.com) or call the TELL BRC hotline +44 (0) 20 7717 5959.



AMERICAN GLOBAL STANDARDS



## NAGA LIMITED (FOODS)

No. 1, Trichy Road,  
Dindigul - 624 005. Tamilnadu, India.

*American Global Standards, LLC issues this certificate to the firm named above, having assessed and approved the firm's management system and finding the system conforms to the standards of:*

## HALAL

*The management system is applicable to the following:*

**Maida, Chakki Atta, Semolina Unroasted, Semolina  
Roasted, Fine Semolina, Wheat Bran-Flakes,  
Wheat Bran-Fine & Wheat Germ.**

*This approval is subject to the firm maintaining its system to the required standards, which will be monitored by AGS. In the issuance of this certificate, AGS assumes no liability to any party other than the firm named above, and then only in accordance with the agreed upon System Assessment Agreement.*

Certification Number: AGS-SI-030315-2  
Original Approval: March 03, 2015  
Date of Issue: March 03, 2015  
Date of Expiration: March 02, 2018



For and on Behalf of American Global  
Standards, LLC

USA Office: 1187 Coast Village Road, Suite #495, Montecito, CA 93108  
Tel: 617-838-4648  
[www.americanglobal.org](http://www.americanglobal.org) ■ [info@americanglobal.org](mailto:info@americanglobal.org)

South India Office: No. 5, Second Floor, Sathyamoorthy Colony, Thiruvalluvar Nagar,  
Thirumangalam, Anna Nagar West, Chennai - 600 040, Tamilnadu, South India  
Tel: 91 44 32522154 ■ Fax: 91 44 30273595 ■ Email: [americanglobalinfo@gmail.com](mailto:americanglobalinfo@gmail.com)



**24<sup>TH</sup> DIRECTORS' REPORT**

**TO THE MEMBERS OF NAGA LIMITED**

Your Directors take pleasure in presenting the Twenty Fourth Annual Report together with the audited financial statements for the year ended March 31, 2015.

**FINANCIAL RESULTS**

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

(Rupees in Lacs)

Particulars	Current year 31.03.2015	Previous year 31.03.2014
Sales	46,353.21	42,329.85
Other Income	222.23	137.17
Total Income	46,575.44	42,467.02
Total Expenditure	41,802.38	37,180.56
Financial Cost	1,995.02	2,274.37
Profit before Depreciation and Tax	2,778.04	3,012.09
Depreciation & Amortisation	1,746.33	1,644.42
Taxation	269.49	354.50
Net Profit	762.22	1,013.17
Balance brought forward	4,426.60	3,533.79
Amount available for appropriation	5,188.82	4,546.76
Appropriations:		
a) Proposed Dividend	113.98	85.49
b) Tax on Dividend	23.85	13.87
c) Adjustment related to Fixed Assets	10.49	0.00
d) Transfer to General Reserve	21.00	21.00
e) Balance carried to Balance Sheet	5,019.50	4,426.60

**COMPANY PERFORMANCE**

Your company's turnover & other income during the year under review is Rs. 46,575.44 Lacs as against Rs.42,467.02 Lacs for the corresponding previous year. There has been an increase of Rs.4,108.42 Lacs which works out to an increase of 9.67 % when compared to the previous year.

Your Directors are to report that your Company has earned a net profit after tax of Rs.762.22 Lacs, as against a sum of Rs.1,013.17 Lacs during the previous year. There was no commensurate increase in net profit compared to increase in sales turnover due to the higher raw material input cost and increase in indirect expenses.

Despite the unfavourable economic conditions and the continuous weak global scenario, your company has clocked a higher turnover and has increased the retail reach of the products to the consumer. Having our foot in the essential commodities industry, your company will perform

well in the forthcoming years with sustained increase in retail market share and with more emphasis on the quality products from Naga family.

**FOOD AND RETAIL :**

There is an increase in production volume by 10.48% during the year compared to last year. Food and Retail Division has shown an increase of about 11.96% in the sale volume during the year under report as compared to the previous year.

**DETERGENTS :**

Detergents Division of Naga is the third largest manufacturer and supplier for M/s Hindustan Unilever Limited. The production volume of the division has decreased by 13% during the year under report as compared to the previous year. The sales volume of the division has decreased by 2.05% during the year under report as compared to the previous year.

**MINERALS :**

Minerals Division has shown an increase in production volume of about 5% during the year under report as compared to the previous year. The sales volume of about 9% for the year under report as compared to the pervious year. We are in the process of new product innovation for electrode industry and we are also exploring new marktes in paint industry.

**WIND & SOLAR POWER :**

The Energy Divison of your company now has total 11 windmills with an installed capacity of 9025 KW compared to its humble beginning in 2003 with 2 windmills and installed capacity of 1500 KW. The 600 KW solar power was commissioned or gripconnected at the Detergents Division, Vedasandur during the year 2014-2015. The generation during the year under report was 111 Lac units as compared to 120 Lac units during the previous year.

**LISTING OF EQUITY SHARES WITH METROPOLITAN STOCK EXCHANGE OF INDIA LTD.**

Your Board is happy to inform you that Naga Limited's equity shares have been listed by Metropolitan Stock Exchange of India Ltd (Formerly known as MCX Stock Exchange Ltd), Mumbai, vide their letter MCX-SX/LIST/2559/2015 dated 15.1.2015 and admitted to dealings on the Capital Market Segment of the Exchange, w.e.f. 19.01.2015 in the symbol name of NAGA, Series - BE, with ISIN Code INE327M01014.

Due to unforeseen circumstances, the Madras Stock Exchange, where the Company's equity shares are exclusively listed, has become dis-functional and ceased be a recognized Stock Exchange by SEBI with effect from 14.05.2015.

**AWARDS, RECOGNITIONS & CERTIFICATIONS:**

Your Company continues to be highly trusted for the quality of its products, innovation and renovation of its products based on strong consumer insights and the ability to engage with consumers across the country. The Company was certified for its safety and manufacturing excellence. Some of the key recognitions include:

- FSSC 22000 - Certification scheme for food safety systems including ISO 22000:2005, ISO/TS 22002-1:2009, and additional FSSC 22000 requirements. The Certificate was awarded to "NAGA LIMITED FOODS" for processing (Cleaning, conditioning, Milling, Sifting, Purifying, Storage) and Packing of wheat products and by products (Maida, Sooji, Fine Sooji, Atta, Bran Flakes & Fine Bran).

- “NAGA LIMITED (FOODS) UNIT - II” was awarded “A” Grade for meeting the requirements of Global Standard for Food Safety. The scope based on which the certificate awarded was pre-cleaning, inspection, fumigation and bulk storage food grains like wheat.
- AMERICAN GLOBAL STANDARDS issued the certificate “HALAL” to “NAGA LIMITED (FOODS)” for the Company's management systems applicable to Maida, Chakki Atta, Semolina Unroasted, Semolina Roasted, Fine Semolina, Wheat Bran - Fine & Wheat Gram.

#### **TRANSFER TO RESERVE**

Your Board propose to transfer Rs.21 Lacs to the General Reserve. An amount of Rs.208.18 Lacs is proposed to be retained in the Statement of Profit and Loss.

#### **DIVIDEND**

Your Directors are pleased to recommend a dividend of 8% on the equity shares of the Comapny for the year under review.

The provisions of Section 125(2) of the Companies Act, 2013 pertaining to transfer of unclaimed dividend to Investor Education and Protection Fund do not apply, as there was no unclaimed dividend which was required to be transferred to this fund during the year under report.

#### **SHARE CAPITAL**

The paid up Equity Share Capital as on March 31, 2015 was Rs.1424.80 Lacs. During the year under review, the Company has not issued shares with differential voting rights.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

##### **a) Retirement by Rotation**

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, Joint Managing Director, retires by rotation and being eligible, offered herself for reappointment at the ensuing Annual General Meeting.

##### **b) Board independence**

Our definition of 'Independence' of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013 :-

- Mr. L.A.Irudayaraj
- Dr. K. Venkatachalam
- Mr. S. Ramesh

##### **c) Evaluation of the Board's Performance**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**d) Remuneration Policy**

Your Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 are stated in the Corporate Governance Report.

**e) Appointment of C.F.O :**

Mr. R.Anand, F.C.A & F.C.S was appointed as Cheif Finanacial Officer (C.F.O) of the Company with effect from 01.06.2015 at the Board Meeting held on 28.05.2015.

**COMPOSITION OF AUDIT COMMITTEE:**

Your Board has reconstituted the Audit Committee which comprises of Mr. L.A.Irudayaraj, Independent Director as the Chairman and Mr. S.Ramesh, Independent Director and Mrs. Mageswari Kannan, Joint Managing Director as the members. More details on the Committee are given in the Corporate Governance Report.

**COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE:**

In compliance with Section 178 of the Companies Act, 2013, the Board has renamed the existing "Remuneration / Selection Committee" as the "Nomination and Remuneration Committee".

The Committee comprises of Mr. L.A.Irudayaraj, Independent Director as the Chairman, Mr. S.Ramesh, Independent Director and Dr. K. Venkatachalam, Independent Director as the members. More details on the Committee are given in the Corporate Governance Report.

**CORPORATE GOVERNANCE**

Your Company has complied with the requirement regarding Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchange where the Company's shares are listed. A report on the Corporate Governance in this regard is made a part of this Annual Report and a Certificate from the Auditors of the Company regarding compliance of the conditions of the Corporate Governance is attached to this report.

**MANAGEMENT DISCUSSION & ANALYSIS**

A Management Discussion & Analysis as required under the Clause 49 of the Listing Agreement has been attached to this report in "Annexure A".

**AUDITORS**

**a) Statutory Auditors**

Yours Company's Auditors, M/s. D.Sampathkumar & Co., Chartered Accountants, Chennai who retire at the ensuing Annual General Meeting of the Company are eligible for reappointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company. As required under Clause 49 of the Listing Agreement, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

**b) Secretarial Audit**

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., Chennai Practising Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as “Annexure B”. The report does not contain any qualification.

**c) Cost Auditor :**

Dr. I. Ashok, Cost Accountant was appointed as Cost Auditor for auditing the cost accounts in respect of Minerals Division of your Company for the year ending 31st March, 2016 by the Board of Directors. Pursuant to a clarification provided by the Ministry of Corporate Affairs, The Cost Audit for the financial year 2014-2015 was not applicable to the Company and hence for the Financial year 2014-15 Cost Audit was not conducted. The Cost Audit Report for the year 2013-14 has been filed under XBRL mode within the due date of filing.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business.

Your Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Results Areas (KRAs) are in place for senior management staff.

Your Company is committed to nurturing, enhancing and retaining top talent through superior Learning & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization’s growth and its sustainability in the long run.

**COMPLIANCE UNDER COMPANIES ACT, 2013**

Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, your Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

**EXTRACT OF ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in “Annexure C” and is attached to this Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards 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 judgements 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, 2015 and of the profit of the Company for the year ended on that date;
- c. the proper and sufficient care has been taken 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. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **MEETINGS**

During the year Ten Board Meetings and Four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The statement is supported by a Certificate from the CEO & MD and the JMD/CFO. The Company has developed a Related Party Transactions Manual, Standard Operating Procedures for purpose of identification and monitoring of such transactions.

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, is appended as Annexure "D".

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website ([www.nagamills.com](http://www.nagamills.com)).

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.



## **RISK MANAGEMENT POLICY**

Your Company has adopted the following measures concerning the development and implementation of a Risk Management Policy after identifying the following elements of risks which in the opinion of the Board may threaten the very existence of the Company itself.

- a) To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management.
- b) To establish a framework for the company's risk management process and to ensure its implementation.
- c) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- d) To assure business growth with financial stability.

## **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Since the policy on CSR is newly evolved, the Board of Directors and the CSR Committee have resolved to take up the CSR activities in the ensuing financial year for compliance as provided in the new Companies Act, 2013. The Annual Report on CSR activities is annexed herewith as “Annexure E”.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Your Company has a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

## **SUBSIDIARIES**

Your Company does not have any Subsidiary Company.

## **PUBLIC DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## **ENERGY CONSERVATION, 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 herewith as “Annexure F”.

#### **ENVIRONMENT AND REPORT ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

Your 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, compliances environmental regulations and preservation of natural resources.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. Its redressal is placed on the intranet for the benefits of its employees. During the year under review, no complaints were reported to the Internal Committee / Board.

#### **ENHANCING SHAREHOLDERS VALUE**

Your Company believes that its Members are among its most important stakeholders. Accordingly, your Company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

#### **GREEN INITIATIVE:**

Your Company has taken the initiative of going green and minimizing the impact on the environment. The Company has been circulating the copy of the Annual Report in electronic format to all those Members whose email address is available with the Company. Your Company would encourage other Members also to register themselves for receiving Annual Report in electronic form.

#### **ACKNOWLEDGEMENTS**

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

#### **CAUTIONARY STATEMENT**

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations

Place : Chennai  
Date : 28.05.2015

FOR AND ON BEHALF OF THE  
BOARD OF DIRECTORS

Sd/ -  
K.S. KAMALAKANNAN  
Chairman & Managing Director

## ANNEXURE - A TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### a) Structure and Developments, Opportunities and Threats, Performance, outlook, Risks and Concerns

The management is keen to improve and better the rating of BBB, based on the performance for the financial year 2014-15 and the improving trend of business which is expected during the year 2015-16.

The Economic scenario in the county is also showing signs of improvement during the last one year or so.

#### Segment-wise and Product-wise Performance:

The necessary information has been furnished under Note - 37 on Notes on Financial Statements for the year ended 31st March, 2015 forming part of the Annual Report.

#### Outlook:

The outlook is viewed with optimism, as the economic scenario is also showing an improving trend.

#### RISKS AND CONCERNS:

As universal, all the industries are prone to unpredictable risks and concerns, and certainly your industry is not an exception. Frequent changes in the Government Policy and fluctuation in the raw material prices will directly affect the cost of production and there by reducing the profit margin.

#### OPPORTUNITIES AND THREATS:

While opportunities for the growth of your Industry are galore, it is the strategy to be adopted by the Management at the appropriate time which is the key to the success and no stone should be left unturned to achieve the goals set by the management.

Threats are inevitable in any industry from the peer group and competitors, but are to be tackled judiciously and efficiently and by taking steps to ward them off. Your management, keeping this in view, is making all out efforts to reduce the cost of production without compromising on the quality of the products, to economise on expenditure fronts and to improve productivity.

#### a) Internal Control Systems and their Adequacy :

Management has put in place effective Internal Control Systems to provide reasonable assurance for:

- (i) Safeguarding Assets and their usage.
- (ii) Maintenance of Proper Accounting Records and
- (iii) Adequacy and Reliability of the information used for carrying on Business Operations.

#### b) Key elements of the Internal Control Systems are as follows:

- (i) Existence of Authority Manuals and periodical updating of the same for all Functions.
- (ii) Existence of clearly defined organizational structure and authority.
- (iii) Existence of corporate policies for Financial Reporting and Accounting.
- (iv) Existence of Management information system updated from time to time as may be required.

- (v) Existence of Annual Budgets and Long Term Business Plans.
- (vi) Existence of Internal Audit System.
- (vii) Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

The Company has appointed an Independent Auditor to ensure compliance and effectiveness of the Internal Control Systems in place. The Audit Committee is regularly reviewing the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal and External Auditors. Regular reports on the business development, future plans and projections are given to the Board of Directors. Internal Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required.

**c) Financial and Operational Performance :**

The Highlights of Financial Operational Performance are given below :

(Rupees in Lacs)

Particulars	Current year 31.03.2015	Previous year 31.03.2014
Sales / Income From Operations	46353.21	42329.85
Other Income	222.23	137.17
Total Income	46575.44	42467.02
Total Expenditure (Before Interest)	41802.38	38824.56
Profit before Interest, Tax and Exceptional Items	3026.73	3642.46
Depreciation & Amortisation	1746.33	1644.00
Operating Margin %	6.53%	8.60%
Profit / (Loss) After Tax	762.22	1013.17
Return on Average Capital Employed % (Before Interest and Tax)	19.41%	23.40%
Current Asset Ratio (Current Assets / Current Liabilities)	1.03	1.01
Borrowings: Equity Ratio (TL / Equity+Reserves)	1.18	1.40

**d) Human Resources Development and Industrial Relations :**

Your Company has constituted an Internal Complaint Committee in pursuant to the provisions of Companies Act, 2013 for prevention, prohibition and redressal of complaints / grievances on the sexual harassment of women at work places. The Company continued the welfare activities for the employees, which include Medical Care, Group Insurance, and Canteen Facility. To enrich the skills of employees and enrich their experience, the Company arranges, Practical Training Courses by Internal and External Faculty.

Place : Chennai  
Date : 28.05.2015

FOR AND ON BEHALF OF THE  
BOARD OF DIRECTORS  
Sd/-  
K.S. KAMALAKANNAN  
Chairman & Managing Director

**ANNEXURE - B TO THE DIRECTORS' REPORT**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

For the Financial Year Ended 31st March, 2015

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

To

The Members  
M/s. Naga Limited

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, 2015, 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 M/s. Naga limited for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') 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, 1992;
  - (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 Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

- (vi) 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. (Not notified for this financial year, hence not applicable to the Company during the audit period)
- (ii) The Listing Agreements entered into by the Company with Madras Stock Exchange and Metropolitan Stock Exchange of India Ltd (mSXI).

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 the Company.

- (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
- (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, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 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.

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.

We further report that during the audit period

- (i) the Company has listed its securities the Metropolitan Stock Exchange of India Ltd., (mSXI).

(ii) The approval of the shareholders obtained for delegation of borrowing powers to Board u/s 180 of the Companies Act, 2013 in excess of the paid-up capital and free reserves of the Company upto a limit of Rs.400 Crores vide special resolution passed at the Annual General Meeting held on 01.08.2014.

Place : Chennai  
Date : 28.05.2015

For GSR & CO., Company Secretaries

Sd/-  
G.SREENIVASA RAO  
(FCS No. 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 - 600001.

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.

Place : Chennai  
Date : 28.05.2015

For GSR & CO., Company Secretaries

Sd/-  
G.SREENIVASA RAO  
(FCS No. 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 31.03.2015**

**(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                                    | : | Limited by Shares   |
| 5) Address of the Register Office and Contact details                        | : | No.1, Anna Pillai Street,<br>Chennai - 600 001.<br>Ph : 044-25363535  |
| 6) Whether listed Company  | : | Yes   |
| 7) Name, Address and Contact details of Registrar and Transfer Agent, if any | : | M/s. Cameo Corporate Services Ltd.,<br>"Subramanian Building"<br>No.1, Club House Road, Chennai - 02.<br>Ph : 044 - 28460390<br>Fax : 044 - 28460129<br>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	84.22 %
2	Manufacturing of high quality Detergents powder and Bar.	99884260	6.72 %
3	Minerals : Grinding of calcite, dolomite, china clay, feldspar, limestone and other minerals.	99611991	7.74 %
4	Wind & Solar Power.	99833243	1.27 %





### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Annai Power Private Limited Address : Flat - C, Srinivasa Apartments, 1-A, 1st Main Road, Anna Nagar, Velachery, Chennai - 600 042	U40103TN2003FTC051006	Associate	26 %	2(6)

### 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 31.03.2014]				No. of Shares held at the end of the year [As on 31.03.2015]				% 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	61.88%	8816145	-	8816145	61.88%	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt.	-	-	-	-	-	-	-	-	-
(d) Body Corp.	1468500	-	1468500	10.30%	1468500	-	1468500	10.30%	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	357680	-	357680	2.51%	357690	-	357690	2.51%	0.0001%
(g) Total shareholding of promoters (A)	10642325	-	10642325	74.69%	10642335	-	10642335	74.69%	0.0001%



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2014]				No. of Shares held at the end of the year [As on 31.03.2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(g) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
<b>2. Non - Institutions</b>									
<b>(a) Body Corporates</b>									
(i) Indian	2510625	-	2510625	17.62%	2510625	11190	2521815	17.70%	0.08%
(ii) Overseas	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2014]				No. of Shares held at the end of the year [As on 31.03.2015]				% 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 lac.	19750	148420	168170	1.18%	25260	94600	119860	0.84%	(0.34%)
(ii) Individual Shareholders holding nominal share capital excess of Rs. 1 lac.	907630	19250	926880	6.51%	963850	-	963850	6.77%	0.25%
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	130	-	130	0.001%	0.001%
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	-	10	10	0.0001%	0.0001%
Sub-Total (B)(2)	3438005	167670	3605675	25.31%	3499865	105800	3605665	25.31%	(0.0001%)
Total Public Shareholding (B=B(1)+B(2))	3438005	167670	3605675	25.31%	3499865	105800	3605665	25.31%	(0.0001%)



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2014]				No. of Shares held at the end of the year [As on 31.03.2015]				% 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)	14080330	167670	14248000	100.00%	14142200	105800	14248000	100.00%	-

## (ii) Shareholding of Promoters :

S. No	Shareholder's Name	Shareholding at the beginning of the year [As on 31.03.2014]			Shareholding at the end of the year [As on 31.03.2015]			% 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.	Souder Kannan	817855	5.74%	-	817855	5.74%	-	-
5.	Souder Kannan (HUF)	37800	0.27%	-	37800	0.27%	-	-
6.	M.M.Detergents Company Pvt. Ltd.,	1024000	7.18%	-	1024000	7.18%	-	-
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	0.0001%	-	0.0001%
10.	Total	10642325	74.69%	-	10642335	74.69%	-	0.0001%



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

Sl. 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	10642325	74.69%	10642325	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) :	29.12.2014 No.of shares :10 Transfer	0.0001%		
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) :

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year as on 1.4.2014		Change in Shareholding during the year		Shareholding at the end of the year as on 31.3.2015	
		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	Pluris Global Holding (India) Limited	1350725	9.48%	-	-	1350725	9.48%
2	Lakme Investment and Finance Limited	1159900	8.14%	11190	0.08%	1171090	8.22%
3	Manoharan A	594100	4.17%	(140)	(0.001%)	593960	4.17%
4	Sathiyamoorthy L	289530	2.03%	10	0.0001%	289540	2.03%
5	Santosh Gupta	24000	0.17%	-	-	24000	0.17%
6	Riaz Ahmed Khatri	23150	0.16%	-	-	23150	0.16%
7	Mariam Riaz Khatri	12900	0.09%	2300	0.02%	15200	0.11%
8	Rabia Ahmed Khatri	9000	0.06%	9000	0.06%	18000	0.13%
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 given as on 31 March, 2015. The Company is listed and 99.26% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. The aforesaid holdings by top ten shareholders is due to market operations. Further, Company has not allotted / transferred or issued any bonus or sweat equity shares during the year.

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

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year as on 1.4.2014		Change in Shareholding during the year		Shareholding at the end of the year as on 31.3.2015	
		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	V. Marikannan (KMP)	-	-	10	0.0001%	10	0.0001%

Note : Directors do not have any change in shareholding during the period.

**V. INDEBTEDNESS (Amount in Lakhs)**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding deposits	UnSecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,268.32	1,308.66	-	10,576.98
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>9,268.32</b>	<b>1,308.66</b>	<b>-</b>	<b>10,576.98</b>
Change in Indebtedness at the end of the financial year				
. Addition	1,915.48	803.04	-	2,718.52
. Reduction	2,490.37	-	-	2,490.37
Net Change	-574.89	803.04	-	228.15
Indebtedness at the end of the financial year				
i) Principal Amount	8,693.43	1,512.3	-	10,205.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8,693.43</b>	<b>1,512.3</b>	<b>-</b>	<b>10,205.73</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and / or Manager : (Rs.in lacs)**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		K.S.Kamalakannan, CMD	Mageswari Kannan, JMD	Sounder Kannan, WTD	
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	54.00	39.00	36.00	129.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	-as % of profit	-	-	-	-
	-others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	54.00	39.00	36.00	129.00

**B. REMUNERATION TO OTHER DIRECTORS : (in Rs.)**

S.No.	Particulars of Remuneration	Name of Directors			Total Amount
		S. Ramesh	L.A. Irudaya Raj	K. Venkata chalam	
1.	Independent Directors				
	Fee for attending board committee meetings	90,000	40,000	50,000	1,80,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	90,000	40,000	50,000	1,80,000
2.	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1 + 2)	90,000	40,000	50,000	1,80,000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTDS**  
(Rs.in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		C.E.O	Company Secretary	C.F.O	
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	-	5.50	-	5.50
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	-as % of profit	-	-	-	-
	-others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	-	5.50	-	5.50

**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)	Amount made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



**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:**

S.No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Nil
b)	Nature of contracts / arrangements / transactions	Nil
c)	Duration of the contracts / arrangements / transactions	Nil
d)	Salient terms of the contracts / arrangements / transactions including value if any	Nil
e)	Justification for entering into such contracts / arrangements / transactions	Nil
f)	Date of approval by the board	Nil
g)	Amount paid as advances if any	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	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 are interested	One of the director is interested
c)	Nature of contracts / arrangements / transactions	By Agreement	By Agreement
d)	Duration of contracts / arrangements / transactions	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015
e)	Salient terms of contracts / arrangements / transactions	1. Purchase of Limestone and Dolomite by Naga Ltd., 2. Lorry charges paid by Naga Ltd., 3. Processing charges paid by M.M.Detergents -Company Pvt. Ltd., to Naga Ltd.,	Purchase of Windmill Energy
f)	Justification for entering into such contracts /arrangements / transactions	In the ordinary course of business	In the ordinary course of business
g)	Date of approval by the Board	12.05.2014	12.05.2014
h)	Amount incurred during the year	1. Purchase of Limestone and Dolomite by Naga Ltd.,Rs.1,231 lacs 2. Lorry charges paid by Naga Ltd.,Rs.14.23 Lacs 3. Processing charges paid by M.M.Detergents -Company Pvt. Ltd., to Naga Ltd.,Rs.14.23 Lacs	Rs. 12.34 Lacs



S.No.	Particulars	Details
a)	Name(s) of the related party	Naga Mills Limited
b)	Nature of relationship	Three Directors are interested
c)	Nature of contracts / arrangements / transactions	By Agreement
d)	Duration of contracts / arrangements / transactions	01.04.2014 to 31.03.2015
e)	Salient terms of contracts / arrangements / transactions	Sale of Wheat by Naga Ltd.,
f)	Justification for entering into such contracts / arrangements / transactions	In the ordinary course of business
g)	Date of approval by the Board	12.05.2014
h)	Amount incurred during the year	Rs. 3.97 Lacs

S.No.	Particulars	Details		
a)	Name(s) of the related party	K.S.Kamalakaran/HUF	Mageswari Kannan	Sounder Kannan
b)	Nature of relationship	Director	Director	Director
c)	Nature of contracts / arrangements / transactions	By Agreement	By Agreement	By Agreement
d)	Duration of contracts / arrangements / transactions	1.4.2014 to 31.3.2015	1.4.2014 to 31.3.2015	1.4.2014 to 31.3.2015
e)	Salient terms of contracts / arrangements / transactions	1. Interest payment for unsecured loan given to Naga Ltd., 2. Charges paid towards lease of cars.	Interest payment for unsecured loan given to Naga Ltd.,	1. Interest payment for unsecured loan given to Naga Ltd., 2. House Rent
f)	Justification for entering into such contracts / arrangements / transactions	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	12.05.2014	12.05.2014	12.05.2014
h)	Amount incurred during the year	1. Interest Paid for unsecured loan given to Naga Ltd., Rs. 152.22 lacs 2. Lease charges paid for Innova car Rs. 4.14 lacs 3. Lease charges paid for Force Car to HUF - Rs. 1.68 Lacs.	Interest Paid for unsecured loan given to Naga Ltd., Rs. 16.89 Lacs.	1. Interest Paid for unsecured loan given to Naga Ltd., Rs. 1.39 Lacs. 2. House Rent - Rs. 8.28 Lacs.

Particulars		Details					
a)	Name(s) of the related party	Ms. M. Jayalalitha	Sri. D. Vijay Anand	Smt. Lakshmi Vijay Anand	Smt. Monaa Kannan	Sri. M. Sukumar	
b)	Nature of relationship	Relative of KMP	Relative of KMP	Relative of KMP	Relative of KMP	Relative of KMP	
c)	Nature of contracts / arrangements / transactions	By Agreement for Rendering Service	By Agreement for Rendering Service	By Agreement for Rendering Service	By Agreement for Rendering Service	By Agreement for Rendering Service	
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	From the Date of appointment	
e)	Salient terms of contracts / arrangements / transactions	Service Agreement	Service Agreement	Service Agreement	Service Agreement	Service Agreement	
f)	Justification for entering into such contracts / arrangements / 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	12.05.2014 / 01.08.2014	12.05.2014 / 01.08.2014	12.05.2014 / 01.08.2014	12.05.2014 / 01.08.2014	12.05.2014 / 01.08.2014	
h)	Amount incurred during the year	Remuneration Rs. 17.39 lacs	Remuneration Rs. 28.66 lacs	Remuneration Rs. 17.39 lacs	Remuneration Rs. 17.39 lacs	Remuneration Rs. 9.55 lacs	

**Annexure - E TO THE DIRECTORS' REPORT**

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

During the year, the Company constituted Corporate Social Responsibility Committee (CSR) pursuant to provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy ) Rules, 2014 which are provided herein below :

- 1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs : The CSR Committee decided to spend amount under rural infrastructure development such as laying of road, sapling of trees, construction of toilets etc during the year 2014-2015  
Weblink: www.nagamills.com under investor/CSR Policy link
- 2) The Composition of the CSR Committee : Dr.K.Venkatachalam (Chairperson), Independent Director.  
Smt. Mageswari Kannan (Member), Joint Managing Director.  
Sri. Sounder Kannan (Memeber), Whole-Time Director.
- 3) Average net profit of the company for last three financial years. : Average net profit: Rs. 1345.7 Lacs
- 4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above). : Rs. 26.91 Lacs
- 5) Details of CSR spent during the financial year 2014-15:
  - (a) Total amount to be spent for the financial year 2014-15 : Rs. 26.91 Lacs
  - (b) Amount un spent , if any : Rs. 26.91 Lacs
  - (c) 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 are 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 Director through implementing agency
NIL							

- 6) Reasons for Unspent Amount :

During the year under review, the Company has made consistent efforts to identify the projects for its CSR activities. It has focused on rural infrastructure development such as laying of roads, sapling of trees, construction of toilets etc. However, the Company could not spend the requisite amount due to insufficient time to identify the appropriate CSR activities. The

objective of our CSR Policy was not just mere spending of amount but working towards social welfare. Your Company is in the process of identifying suitable projects for its CSR activities.

7.A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Date : 28.05.2015  
Place : Chennai

Mageswari Kannan  
Joint Managing Director

Dr. K.Venkatachalam  
Chairman - CSR Committee

**ANNEXURE - F 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; | All efforts are made to conserve and optimize use of energy with  |
| (iii) the capital investment on energy conservation equipments;                | continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques. |

**B) Technology Absorption :**

- |  |   |
|--|---|
| (i) the efforts made towards technology absorption:  | Updation of Technology is a Continuous process, absorption implemented and adapted by the Company for innovation. Efforts are continuously made to develop new products required in the manufacturing units of the Company. |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution                 | The Company has been able to successfully indigenize the toolings to a large extent and successfully developed new products by virtue of technology absorption, adaptation and innovation.                                  |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): | : NIL   |
| (a) the details of technology imported;  |   |
| (b) the year of import;  |   |
| (c) whether the technology been fully absorbed;  |   |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and                            |   |
| (iv) the expenditure incurred on Research and Development  | : NIL   |

**(C) Foreign exchange earnings and Outgo:**

- |                           |                  |
|---------------------------|------------------|
| Foreign Exchange Earnings | : NIL            |
| Foreign Exchange Outgo    | : Rs.588.58 Lacs |

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is associated with the systems and process with a view to enhancing the long term shareholders value in a transparent and equitable manner. This process transcends mere disclosures and statutory compliance and aims at developing and strengthening the relationship with the investors and public at large. The salient features of good Corporate Governance are transparency, accountability, fairness and social responsibility.

Moving forward from last year, your company continues to develop its process and procedures and also has made Corporate Governance as a practice. Your Company also believes that the very foundation of Corporate Governance is disclosure, as openness is the basis of public confidence in the corporate system.

### BOARD OF DIRECTORS

a) Composition of the Board of Directors as on 31st March, 2015

Category	No. of Directors
Non Executive & Independent Directors	3
Promoters and Executive Directors (CMD, JMD & WTD)	3
Total	6

The Chairman of the Board of Directors is Executive Director.

As required under Section 149(1) of the Companies Act, 2013, and in compliance of Listing Agreement, Smt. Mageswari Kannan, a Woman Director, has been appointed as Joint Managing Director on the Board.

Composition of the present Board of Directors and also the Directorship on other Companies or Board Committees of which he/she is a member/Chairperson are as under:

Name of Director	Date of appointment	Category	No. of other Directorship	No. of membership of other Board Committees	No. of Board Committees for which chairperson
Sri. K.S.Kamalakaran	01.08.1998	PED	3	NIL	NIL
Smt. Mageswarikannan	01.08.1998	PED	3	3	NIL
Sri. Sounderkannan	08.03.2006	PED	1	2	NIL
Sri. L.A.Irudayaraj	06.07.2007	INED	NIL	2	2
Sri. S. Ramesh	08.03.2006	INED	NIL	3	1
Dr. K. Venkatachalam	13.01.2012	INED	2	2	1

b) No. of Board Meetings held:

During the financial year ended 31st March, 2015, Ten Board meetings were held on 12.05.2014, 26.05.2014, 19.06.2014, 26.07.2014, 01.08.2014, 18.10.2014, 18.11.2014, 12.01.2015, 11.02.2015 and 27.03.2015.

c) The attendance of each Director at Board meetings and the Twenty Third Annual General Meeting (AGM) is as under:

Name of Director	No.of Board Meetings attended	Attendance at last AGM held on 01.08.2014	Remarks
Sri. K.S.Kamalakannan	10	Yes	Nil
Smt. Mageswarikannan	10	Yes	Nil
Sri. Sounderkannan	10	Yes	Nil
Sri. L.A.Irudayaraj	4	Yes	Nil
Sri. S. Ramesh	9	Yes	Nil
Dr. K. Venkatachalam	5	Yes	Nil

**d) INDEPENDENT DIRECTORS**

The Company has complied with the definition of Independence as per Clause 49 of the Listing Agreement and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

**Training of Independent Directors :**

Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

The appointment letters of Independent Directors has been placed on the Company's website at [www.nagamills.com](http://www.nagamills.com) under investors/ Appointment Letters to independent directors link.

**Performance Evaluation of Independent Directors**

The Board evaluates the performance of Independent Directors every year. All the Independent Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

**Separate Meeting of the Independent Directors :**

The Independent Directors held a Meeting on 11th February, 2015, without the attendance of members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail :

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **Code of Conduct**

The Company has in place a comprehensive Code of Conduct (the Code) applicable to all the employees and Independent Directors. The Code is applicable to Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. - Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence. A copy of the Code has been put on the Company's website ([www.nagamills.com](http://www.nagamills.com)). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually. A declaration signed by the Company's Chairman and Managing Director is published in this Report.

### **e) AUDIT COMMITTEE**

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Clause 49 of the Listing Agreement. Some of the important functions performed by the Committee are:

#### **Financial Reporting and Related Processes:**

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgment about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- Review the investments made by the Company.

#### **Internal Controls and Governance Processes**

- Review the adequacy and effectiveness of the Company's system and internal controls.



- Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- To oversee and review the functioning of a vigil mechanism (implemented in the Company as a Fraud Risk Management Policy) and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.
- Review and recommend to the Board the appointment/re-appointment of the Statutory Auditors, Secretarial Auditors and Cost Auditor considering their independence and effectiveness and their replacement and removal.
- To recommend to the Board the remuneration of the Statutory Auditors/Secretarial Auditors/ Cost Auditor.
- To discuss with the Statutory Auditors/Chief Internal Auditors any significant difficulties encountered during the course of the Audit.

**Other Duties**

- To approve the appointment, removal and terms of remuneration of the Chief Internal Auditor and to approve the appointment of the Chief Financial Officer.
- To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arms length pricing basis and to review and approve such transactions subject to the approval of the Board.

Composition, name of Members and attendance during the year :

Name of the Member	Category	Attendance at the Audit Committee Meetings held on			
		12.05.2014	01.08.2014	18.10.2014	11.02.2015
Sri. L.A. Irudayaraj Chairman	Non-executive and Independent Director	✓	✓	✓	✓
Sri. S. Ramesh	Non-executive and Independent Director	✓	✓	✓	✓
Smt. Mageswari Kannan	JMD / Executive Director	✓	✓	✓	✓

The representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings. They have attended all the Meetings during the year. The CMD & CEOs, the Internal Auditor and the Chief Executives at the Divisions attend all the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports directly to the Audit Committee.

Sri. L.A. Irudayaraj, Chairman of the Audit Committee was present at the 23rd AGM held on 01.08.2014.

**f) NOMINATION AND REMUNERATION COMMITTEE**

**i) Terms of reference:**

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

**ii) Composition:**

The Nomination and Remuneration Committee of the Company consists of 3 Non-Executive and Independent Directors including Chairman.

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr L.A.Irudayaraj, Non Executive and Independent Director, has been appointed as Chairman of the Committee. Sri.V.Marikannan, Company Secretary is the Secretary of the Committee.

**iii) Composition, name of Members and attendance during the year :**

Name of the Member	Category	Attendance at the Meetings held on
		12.05.2014
Sri. L.A. Irudayaraj Chairman	Chairman and Independent Director	✓
Sri. S. Ramesh	Independent Director	✓
Dr. K. Venkatachalam	Independent Director	✓

**g) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)**

**i) Terms of reference :**

The Committee formulate and recommend to the Board, a CSR Policy and recommend the amount of expenditure to be incurred on CSR activities. Committee framed a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and also monitor CSR policy from time to time.

**ii) Composition :**

The CSR Committee of the Company consists of 1 independent Director and 2 Executive Directors.

**iii) No. of Meetings held during the year :**

During the year the Committee had 1 meeting i.e. on 15th July, 2014.

iv) Composition, name of Members and attendance during the year :

Name of the Member	Category	Attendance at the CSR Committee Meetings held on
		15.07.2014
Dr. K. Venkatachalam Chairman	Chairman and Independent Director	✓
Smt. Mageswari Kannan	Joint Managing Director	✓
Sri. Sounder Kannan	Whole Time Director	✓

**h) STAKEHOLDERS RELATIONSHIP COMMITTEE:**

**i) Terms of reference:**

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also function in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly.

**ii) Composition of the Committee:**

The Committee consists of 1 Independent Director and 2 Executive Directors.

The composition of the Stakeholders' Relationship Committee as at March 31, 2015

Name of the Member	Category
Sri S. Ramesh, Chairman	Non-Executive and Independent Director
Smt. Mageswari Kannan	JMD / Executive Director
Sri. Sounder Kannan	WTD / Executive Director

Sri. V.Marikannan, Company Secretary also functions as the Compliance Officer and communication address is M/s Naga Limited, No.1, Anna Pillai Street, Chennai- 600 001, Tel: 044-25363535, email: marikannanv@nagamills.com

However there was no complaint from any shareholders during the financial year 2014-15.

**POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

**1. Criteria of selection of Non Executive Directors**

a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

d. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

## **2. Remuneration**

The Independent Directors shall be entitled to receive remuneration by way of sitting fees and reimbursement of expenses for participation in the Board / Committee meetings as detailed hereunder:

i. A Independent Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

ii. The N&R Committee may recommend a higher commission for the Chairman of the Board of Directors, JMD & WTD taking into consideration his overall responsibility;

iii. In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

iv. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

## **3. Managing Director/Executive Director(s) - Criteria for selection / appointment**

For the purpose of selection of the MD or EDs, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013, Listing Agreement, or other applicable laws.

### **Remuneration for the Managing Director& Executive Director(s)**

i. At the time of appointment or re-appointment, the Managing Director & Executive Director(s) shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director & Executive Director(s) within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

iii. The remuneration of the Managing Director & Executive Director(s) is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus.

iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:

- a. the relationship of remuneration and performance benchmarks is clear;
- b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. responsibility required to be shouldered by the Managing Director & Executive Director(s), the industry benchmarks and the current trends;
- d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

#### **Remuneration Policy for the Senior Management Employees**

I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure / consider the following:

- i. the relationship of remuneration and performance benchmark is clear;
- ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.

II. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

#### **PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee and other Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the

entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

Details of remuneration paid to the Directors are given in Form MGT - 9

#### FAMILIARIZATION PROGRAMMES FOR BOARD MEMBERS

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments were made at the separate meetings of the Independent Directors held during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. Site visits to various Unit locations are organized for the Directors to enable them to understand the operations of the Company.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at <http://www.nagamills.com>.

#### ANNUAL GENERAL MEETINGS :

Year	Date	Time	Special Resolutions Passed	Venue
2011-2012	02.08.2012	10.30 A.M	Yes	Presidency Club,
2012-2013	03.08.2013	10.45 A.M	No	No.51, Ethiraj Salai,
2013-2014	01.08.2014	12.15 P.M	Yes	Egmore, Chennai-8

Special resolutions passed in the previous three AGMs:

Financial Year 2011 - 12

1. Appointment of Smt. Lakshmi VijayAnand, daughter of Sri. K.S.Kamalakaran, Chairman & Managing Director of the Company to the office or place of profit under section 314 of the Companies Act, 1956
2. Re-appointment of Sri K.S.Kamalakaran, CMD.
3. Reappointment of Smt. Mageswari Kannan, JMD.
4. Increase in the remuneration of Sri Sounder Kannan, WTD.

Financial Year 2012-13 - Nil.

Financial Year 2013-14

1. Re-appointment of Sri K.S.Kamalakaran, CMD.
2. Reappointment of Smt. Mageswari Kannan, JMD.
3. Re-appointment of Sri Sounder Kannan, WTD.
4. Increasing borrowing powers of the Board of Directors.

5. Increase in the remuneration payable to Sri. D. VijayAnand, Vice-President, Foods Division, Son in law of Sri. K.S. Kamalakannan, Chairman & Managing Director of the company occupying the position of office or place of profit.

6. Increase in the remuneration payable to Smt. Monaa Kannan, CEO, Retail Division, Daughter in law of Sri. K.S. Kamalakannan, Chairman & Managing Director of the company occupying the position of office or place of profit.

7. Increase in the remuneration payable to Ms. M. Jayalalitha, CEO, Detergents Division, Sister of Smt. Mageswari kannan, Joint Managing Director of the company occupying the position of office or place of profit.

8. Increase in the remuneration payable to Sri. M. Sukumar, Commercial Manager, Minerals Division, Brother of Smt. Mageswari kannan, Joint Managing Director of the company occupying the position of office or place of profit.

9. Increase in the remuneration payable to Smt. Lakshmi VijayAnand, CEO, Foods Division, Daughter of Sri. K.S. Kamalakannan, Chairman & Managing Director of the company occupying the position of office or place of profit.

10. Reappointment of Sri. S. Ramesh as an Independent Director.

11. Reappointment of Sri. L.A. Irudayaraj as an Independent Director.

12. Creation of Charges on the Assets of the Company.

Results of E-voting :

Particulars	Total Votes	Total Valid Votes Cast in favour of the Resolution	% of Total valid Votes Cast in favour of the Resolution	Total Valid Votes Cast against the Resolution
Resolution 1	14047865	14047865	98.59%	0
Resolution 2	14047865	14047865	98.59%	0
Resolution 3	14047865	14047865	98.59%	0
Resolution 4	14047865	14047865	98.59%	0
Resolution 5	14047865	14047865	98.59%	0
Resolution 6	14047865	14047865	98.59%	0
Resolution 7	14047865	14047865	98.59%	0
Resolution 8	14047865	14047865	98.59%	0
Resolution 9	14047865	14047865	98.59%	0
Resolution 10	14047865	14047865	98.59%	0
Resolution 11	14047865	14047865	98.59%	0
Resolution 12	14047865	14047865	98.59%	0

## **RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

Weblink: [www.nagamills.com](http://www.nagamills.com) / Investor / Policy of Related Party Transactions.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The Company has a WHISTLE BLOWER POLICY to deal with instances of fraud and mismanagement, if any. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The Ethics Helpline can be contacted to report any suspected or confirmed incident of fraud / misconduct on:

E-Mail: [marikannanv@nagamills.com](mailto:marikannanv@nagamills.com)

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

## **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Head Compliance is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

## **DISCLOSURE**

1. None of the transactions with related parties, were in conflict with interest of the Company. Attention of Members is drawn to the disclosure of transactions with related parties in Note No.34 of notes on financial statement forming part of the Annual Report.
2. There were no instances of non-compliance by the company on any matter related to the capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authorities.
3. The Company has a Whistle Blower Policy wherein the employees enjoy access by reporting to the Audit Committee.



4. All the mandatory requirement has been complied by the Company and also adopted some of the non-mandatory requirements of Clause 49.

5. The statutory Financial Statement of the Company are unqualified.

**COMMUNICATION WITH THE MEMBERS/ SHAREHOLDERS**

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within 60 days from the close of the financial year as per the requirements of the Listing Agreement with the Stock Exchanges. The aforesaid financial results are sent to MCX-SX and MSE where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter given by way of a Press Release to various news agencies/analysts such as “Business Line”/ “Business Standard” and in “Malai Sudar” (Vernacular) and are published within forty eight hours. The audited financial statements form a part of the Annual Report which is sent to the Members and all others who are entitled to receive the same well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly and the annual results and the press releases of the Company are also placed on the Company's website: [www.nagamills.com](http://www.nagamills.com) and can be downloaded.

In compliance with Clause 52 of the Listing Agreement, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. MCX-SX & MSE are filed electronically.

Reminders for unpaid dividend are sent to shareholders whose dividend is lying unclaimed in Dividend accounts as per the Bank records every year along with Annual Report. Also year wise list of shareholders who has not claimed their dividend is posted at website of the Company [www.nagamills.com/investor](http://www.nagamills.com/investor).

**SEBI COMPLAINTS REDRESSAL SYSTEM (SCORES):**

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES. The Company has not received any complaints during the year.

**RECONCILIATION OF SHARE CAPITAL AUDIT:**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the Board of Directors of the Company. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

**GENERAL SHAREHOLDERS INFORMATION**

- 1) Annual General Meeting : 27th July, 2015  
Date, Time and Venue : 10.00 A.M, at The Presidency Club,  
51, Ethiraj Salai, Egmore,  
Chennai - 600 008.
- 2) Financial Year : 31st March, 2015
- 3) Book Closure Dates : 24th July, 2015 to 27th July 2015  
(both days inclusive)

- 4) Dividend Payment Date : 26th August, 2015
- 5) Listing of Equity Shares on stock Exchanges : Metropolitan Stock Exchange Limited, Mumbai (formerly known as MCX Stock Exchange Limited)  
Listing fees has been paid up to date.
- 6) Stock Code : Symbol : NAGA  
Series : EQ  
NSDL & CDSL Connectivity : INE327M01014
- 7) Market Price Data

Month	High Rs.	Low Rs.	Close Rs.	No. of Shares traded during the Month	Turnover Rs.
February 2015	52.50	50.00	52.50	60	3,125.00
March 2015	52.50	52.50	52.50	80	4,200.00
April 2015	55.00	55.00	55.00	100	5,500.00
May 2015	-	-	-	-	-

- 8) Address of Registrar & Transfer Agent : M/s Cameo Corporate Services Ltd.,  
Subramanian Buildings, No 1, Club House Road  
Anna Salai, Chennai - 600 002
- 9) Share Transfer Agent : Share Transfer requests are processed and the share certificates are returned with in a period of 15 days
- 10) Distribution of shareholding

Shares or Debentures holding	Shares or Debentures holding		Shares or Debentures holding	
	Number	% of total	Number	% of total
1 - 100	520	77.38	10735	0.08
101 - 500	86	12.80	27000	0.19
501 - 1000	18	2.68	15500	0.11
1001 - 2000	21	3.13	30525	0.21
2001 - 3000	4	0.59	9750	0.07
3001 - 4000	4	0.59	13500	0.09
4001 - 5000	-	-	-	-
5001 - 10000	2	0.30	13000	0.09
10001 - and above	17	2.53	14127990	99.16
Total	672	100.00	14248000	100.00

11) Dematerialization of Shares

Mode of Holding	No.of Holders	% of No.of Holders	No.of Shares	% of No.of Holders
Physical	637	94.79	105800	0.74
NSDL	32	4.77	14138690	99.24
CDSL	3	0.44	3510	0.02
Total	672	100.00	14248000	100.00

12) Units & Location : No. 1, Trichy Road, Dindigul - 624 005  
 No. 133, Trichy Road, Dindigul - 624 005  
 No. 9, Trichy Road, Dindigul - 624 005  
 No. 1, Oddanchantram Road, Veda sandur - 624 710

13) Address for investor : Naga Limited, No. 1, Anna Pillai Street,  
 Correspondence Chennai - 600 001  
 Telefax 044 - 25363535

Place : Chennai  
 Date : 28.05.2015

FOR AND ON BEHALF OF THE  
 BOARD OF DIRECTORS

Sd/ -  
 K.S. KAMALAKANNAN  
 Chairman & Managing Director

**COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2015.

Place : Chennai  
 Date : 28.05.2015

FOR AND ON BEHALF OF THE  
 BOARD OF DIRECTORS

Sd/ -  
 K.S. KAMALAKANNAN  
 Chairman & Managing Director

**CERTIFICATE BY C E O & C F O**

We the undersigned, in our respective capacities as Chief Executive Officer and Managing Director/CEO and JMD/Chief Financial Officer of Naga Limited (“the Company”) to the best of our knowledge and belief certify that:

a) We have reviewed the financial statements and the Cash Flow Statements for the year ended 31.03.2015 and that to the best of our knowledge and belief:

i. These statements do not contain any materially untrue statement or omit any material act or contain statements that might be misleading.

ii. These statements together present a true and fair view of the Company's affairs and are in compliance 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 hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

d) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

e) We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:

i. significant changes, if any, in internal control over financial reporting during the year;

ii. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Place : Chennai

Date : 28.05.2015

Sd/-  
K.S. KAMALAKANNAN  
C.M.D / C.E.O

Sd/-  
MAGESWARI KANNAN  
J.M.D / C.F.O

## CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF NAGA LIMITED

We have examined the compliance of conditions of Corporate Governance by Naga Limited, for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the above - mentioned Listing Agreement.

We state that such compliance 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 D Sampathkumar & Co.,  
Chartered Accountants  
(Firm Registration No : 003556S)

Sd/-

M.K. RAVINDRAN  
Partner  
M.No: 020887

Place : Chennai  
Date : 28.05.2015

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF NAGA LIMITED REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statement of Naga Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the act, read with rule 7 of the Companies (Accounts) Rules, 2014. 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 judgement 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **AUDITORS RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audits. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the act and the rules made thereunder.

We conducted our audit in in accordance with the standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement that gave a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

**OPINION**

In our opinion and to the best of our information and according to the explanation given to us, the abovesaid financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at march 31,2015 and its profit and its cash flows for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by' the Companies (Auditors Report) Order,2015('the Order')issued by the Central Government of India in terms of sub section (11) of section 143 of the Act , and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the annexure a statement on the matters specified in paragraphs 3and 4 of the Order.

2. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d)In our opinion on, the aforesaid financial statements comply with he Accounting Standards specified under Section 133 of the Act,read with Rule 7 of the Companies (Accounts) Rules,2014;

e)On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2015, from being appointed as a director in terms of Section 164(2) of the Act.

f) 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, 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 the financial position in its financial statements as referred to in Note 36 to the financial statements.

(ii) The Company has long-term contracts including derivatives contracts for which the Company did not foresee any material losses.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Chennai  
Date : May 28, 2015

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

Sd/-  
M.K. Ravindran  
(Partner)  
M.No: 020887

### Annexure to Independent Auditors' Report

The annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2015

- 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.
  - 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.
- ii) In respect of its inventories:
  - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company has maintained proper records of inventories. As per the information and explanations given to us, no material discrepancies were noticed on physical verification.
- iii) As informed to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the company has an adequate internal control system commensurate with its size and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to control major weaknesses in such internal control system.
- v) According to the information and explanations given to us, the company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of paragraph of 3 of the Order 2015 are not applicable to the company.
- vi) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government of India under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



**Annexure to Independent Auditors' Report (Contd...)**

vii) In respect of statutory dues:

a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable.

b) Details of dues of Income Tax ,Sales Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess which have not been deposited as on March 31,2015 on account of disputes are given below:

Name of the Statue	Nature of Dues	Amount Rs. in lacs	Period to which amount relates	Forum where Dispute is pending
The Tamil Nadu Tax on Consumption or sale of Electricity Act 2003	Electricity Tax	19.83	2012-13	Hon'ble Supreme Court of India
Electricity Act 2003	Windmill Banking Adjustment	12.09	2009-10	Hon'ble High Court of Chennai, Madurai Bench

c) According to the records of the company, there are no amounts that are due to be transferred to the Investors Education and Protection Fund in accordance with the relevant provision of the Companies Act , 1956(1 of 1956).

viii) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

The annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2015

ix) Based on our audit procedures and according to the information and explanations given to us , we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks.

x) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

**Annexure to Independent Auditors' Report (Contd...)**

xi) In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

xii) In our opinion and according to the information and explanations given to us, no fraud by the Company and no material fraud on the company has been noticed or reported during the course of our audit

Place : Chennai  
Date : May 28, 2015

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

Sd/-

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

**BALANCE SHEET AS AT 31ST MARCH, 2015**

(Rs. in Lacs)

PARTICULARS	Note No	As at 31st March, 2015	As at 31st March, 2014
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' Fund			
(a) Share Capital	2	1,424.80	1,424.80
(b) Reserves and Surplus	3	5,374.61	4,760.71
(2) Share application money pending allotment		--	--
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	8,055.35	8,662.01
(b) Deferred Tax Liabilities (net)	5	641.53	596.93
(c) Other Long -Term Liabilities	6	97.98	123.95
(4) Current Liabilities			
(a) Short-Term Borrowings	7	4,262.29	6,334.00
(b) Trade Payables	8	1382.63	1,223.38
(c) Other Current Liabilities	9	2,621.68	2,279.95
(d) Short-Term Provisions	10	140.83	102.36
Total		24,001.70	25,508.09
<b>II. ASSETS</b>			
(1) Non -Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	14,539.58	14,250.85
(ii) Intangibles	11	12.09	36.65
(iii) Capital Work in Progress	11	387.63	751.20
(b) Non - Current Investments	12	64.15	64.25
(c) Long -Term Loans and Advances	13	375.95	311.84
(d) Other Non - Current Assets	14	0.21	13.57
(2) Current Assets			
(a) Inventories	15	4,581.89	6,293.31
(b) Trade Receivables	16	2,349.47	3,023.91
(c) Cash and Cash Equivalents	17	700.71	473.63
(d) Short-Term Loans and Advances	18	826.45	231.77
(e) Other Current Assets	19	163.57	57.11
Total		24001.70	25,508.09

Significant Accounting Policies & Notes on Financial Statements - 1 to 38

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

For and on behalf of the Board

M.K. RAVINDRAN  
Partner

K.S. KAMALAKANNAN  
Chairman & Managing Director

MAGESWARI KANNAN  
Joint Managing Director

SOUNDER KANNAN  
Whole-Time Director

M.No: 020887

DIN : 01601589

DIN : 020107556

DIN : 01603823

Place : Chennai

Date : May 28, 2015

V. MARIKANNAN  
Company Secretary  
M.No. A30767

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

(Rs. in Lacs)

PARTICULARS	Note No	2014 - 2015	2013 - 2014
<b>INCOME</b>			
I Revenue from Operations	20	46,353.20	42,329.85
II Other Income	21	222.23	137.17
III Total Revenue (I + II)		46,575.43	42,467.02
<b>IV EXPENSES</b>			
Cost of Materials Consumed	22	32,861.31	29,401.50
Purchases of Stock in-Trade	23	2,441.08	1,607.51
Changes in Inventory of Finished Goods, Work - in - progress and Stock in Trade	24	(161.41)	86.51
Employee Benefits Expense	25	2,019.59	1,841.30
Finance Costs	26	1,995.02	2,274.37
Depreciation and Amortisation Expense	11	1,746.33	1,644.42
Other Expenses	27	4,641.80	4,243.74
Total Expenses		45,543.72	41,099.35
<b>V PROFIT BEFORE TAX</b>		1,031.71	1,367.67
VI Tax Expenses			
1) Current Tax		219.49	304.50
2) Deferred Tax		50.00	50.00
VII PROFIT FOR THE YEAR		762.22	1,013.17
VIII Earnings per Equity Share of Face Value of Rs. 10 each			
Basic and Diluted (in Rs.)		5.35	7.11

Significant Accounting Policies & Notes on Financial Statements - 1 to 38

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

For and on behalf of the Board

M.K. RAVINDRAN  
Partner  
M.No: 020887

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

MAGESWARI KANNAN  
Joint Managing Director  
DIN : 020107556

SOUNDER KANNAN  
Whole-Time Director  
DIN : 01603823

Place : Chennai  
Date : May 28, 2015

V. MARIKANNAN  
Company Secretary  
M.No. A30767

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

(Rs. in Lacs)

Particulars	2014 - 2015	2013 - 2014
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS	1,031.71	1,367.67
Adjustment for :		
Depreciation and amortisation of expenses	1,746.33	1,644.42
Interest Income	(34.87)	(14.08)
Dividend Income	(0.18)	(1.52)
Interest Expenses	1,995.02	2,274.37
Surplus on sale of assets	8.55	(1.69)
	<u>3,714.85</u>	<u>3,901.50</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,746.56	5,269.17
Adjustment for :		
Income Tax	(304.66)	(341.48)
Trade and other receivables	59.12	(1,116.67)
Inventories	1,711.42	576.40
Trade payables and other payables	239.59	883.35
	<u>1,705.47</u>	<u>1.60</u>
Net Cash from Operating Activities	6,452.03	5,270.77
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,675.61)	(2,453.62)
Changes in Non-Current Assets	(50.74)	(124.30)
Long Term Investments	0.10	--
Proceeds from Sale/Deletion of Fixed Assets	4.25	4.19
	<u>(1,722.00)</u>	<u>(2,573.73)</u>
Net Cash flow from Investing activities	4,730.03	2,697.04
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Income	34.87	14.08
Dividend Income	0.18	1.52
Interest Expenses	(1,995.02)	(2,274.37)
Proceeds / Repayment of Borrowings	(2,442.96)	(320.29)
Dividend Paid (including dividend distribution tax)	(100.02)	(99.36)
Net cash from Financing Activities	<u>(4,502.95)</u>	<u>(2,678.42)</u>
<b>(D) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>227.08</u>	<u>18.62</u>
Cash and Cash equivalents at the beginning of the period	473.63	455.01
Cash and Cash equivalents at the end of the period	700.71	473.63
	<u>227.08</u>	<u>18.62</u>

As per our report of even date  
For D Sampathkumar & Co.,  
Chartered Accountants

(Firm Registration No : 003556S)

M.K. Ravindran  
Partner  
M.No: 020887

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

MAGESWARI KANNAN  
Joint Managing Director  
DIN : 020107556

SOUNDER KANNAN  
Whole-Time Director  
DIN : 01603823

Place : Chennai  
Date : May 28, 2015

V. MARIKANNAN  
Company Secretary  
M.No. A30767

For and on behalf of the Board



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

### NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES:

#### a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Generally Accepted Accounting Principles accepted in India and comply with the accounting standards notified by Central Government of India, under the relevant provisions of the Company's Act, 2013.

#### b) Uses of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### c) Revenue Recognition:

i. Income: Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from sales is recognised on despatch of goods and net of excise duty, service tax, trade discounts where applicable. Power generated through windmill is valued as per the credits given in the regular power bills by Tamil Nadu Generation and Distribution Corporation Limited. Other Incomes are recognised on accrual basis.

ii. Expenditure: Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

#### d) Fixed Assets :

Fixed Assets are stated at cost of acquisition or construction, net of cenvat credit and depreciation and impairment loss, if any. Cost include direct costs and financing cost related to borrowing attributable to acquisition that are capitalized until the assets are ready for use. Capital- work-in-progress comprise outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the reporting date. Intangible assets recorded in the books are shown less of accumulated amortization and impairment.

#### e) Depreciation and Amortisation :

Depreciation on fixed assets is provided to the extent of depreciable amount on Written Down Value (WDV) method in respect of Soaps & Detergents division, Veda sandur and under Stright Line Method in respect of other Divisions. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Comapnies Act, 2013. In respect of additions forming an integral part of existing assets and insurance spares, including incremental cost arising on account of translation of foreign curreny liabilities for acquisition of fixed assets, depreciation is provided as aforesaid over the residual life of the respective assets.

#### f) Impairment of Assets:

An asset is treated as impaired when the carrying cost of the assets exceeds its

## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### g) Foreign Currency Transactions:

i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction or that approximates the actual rate at the date of the transaction.

ii. Monetary items denominated in foreign currency at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

iii. Non monetary foreign currency items are carried at cost.

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they related to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### h) Investments:

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long term investments are stated at cost. Provisions for diminution in the value of long term investments is made only if such a decline is other than temporary.

### i) Inventories:

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on First In First Out basis.

### j) Employee Benefits

i. Short term Employee Benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

ii. Post employment and other long term employees benefits are recognised as an expense in the Profit and Loss Account for the year in which employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss Account.

### k) Borrowing Cost:

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying assets is one that

**Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015**

necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss Account.

l) Government Grants:

i. Government grants are recognised when there is reasonable assurance that the company will comply with the conditions with attached to them and the grants will be received.

ii. Government grants whose primary condition is that the company should purchase, construct or other wise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge.

m) Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using tax rates and laws that are enacted or substantially enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future. Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted or substantively enacted by the Balance Sheet date.

n) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when, there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Particulars	(Rs. in lacs)	
	As at 31.03.2015	As at 31.03.2014
<b>NOTE - 2 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
2,75,00,000 (PY 2,75,00,000) Equity Shares of Rs 10/- each	2,750.00	2,750.00
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID UP:</b>		
1,42,48,000 (PY 1,42,48,000) Equity Shares of Rs10/- each (Of the above shares 98,01,000 Equity Shares were allotted pursuant to scheme of amalgamation for consideration other than cash)	1,424.80	1,424.80

The Company has issued only one class of equity shares having par value of Rs.10 per share.



**Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015**

PARTICULARS	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
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Details of shareholders holding more than 5% shares.

NAME OF SHAREHOLDERS	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	No. of Shares	% of holding	No. of Shares	% of holding
Sri. K.S. Kamalakannan	6070570	42.61	6070570	42.61
Smt. Mageswarikannan	1855220	13.02	1855220	13.02
M/s. Pluris Global Holding (India) Ltd.,	1350725	9.48	1350725	9.48
M/s. Lakme Investments & Finance Ltd.,	1171090	8.22	1159900	8.14
M/s. M.M.Detergents Company (P) Ltd.,	1024000	7.18	1024000	7.18
Sri. Sounderkannan	817855	5.74	817855	5.74

The reconciliation of the number of shares :

Particulars	As at 31.03.2015	As at 31.03.2014
No. of Shares outstanding at the beginning of the year	1,42,48,000	1,42,48,000
No. of Shares outstanding at the end of the year	1,42,48,000	1,42,48,000

**NOTE - 3 : RESERVES & SURPLUS**

(Rs. in Lacs)

**CAPITAL RESERVE**

As per Last Balance Sheet	Total - A	10.82	10.82
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**SECURITIES PREMIUM RESERVE**

As per Last Balance Sheet		136.11	136.11
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	Total - B	136.11	136.11
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**GENERAL RESERVE**

As per Last Balance Sheet		187.18	166.18
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Add : Transferred from Profit & Loss Account		21.00	21.00
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	Total - C	208.18	187.18
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**PROFIT & LOSS ACCOUNT**

As per Last Balance Sheet		4,426.60	3,533.79
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Add : Profit for the Year		762.22	1,013.17
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		5,188.82	4,546.96
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Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Less : Appropriations		
Adustment to Fixed Assets(refer Note 11)	10.49	--
Transferred to General Reserve	21.00	21.00
Proposed Dividend on Equity Shares	113.98	85.49
Tax on Dividend	23.85	13.87
Total - D	<u>5,019.50</u>	<u>4,426.60</u>
Total - A+B+C+D	<u><u>5,374.61</u></u>	<u><u>4,760.71</u></u>

**NOTE - 4 : LONG TERM BORROWINGS**

**SECURED**

Term Loans from Banks	6,543.05	6,654.65
Term Loans from Financial Institutions and Others	0.00	2.59
Total - A	<u>6,543.05</u>	<u>6,657.24</u>

**UNSECURED**

Term Loans from Financial Institutions and Others	0.00	696.11
Loans and Advances from Related Parties	1,512.30	1,308.66
Total - B	<u>1,512.30</u>	<u>2,004.77</u>
Total - A+B	<u><u>8,055.35</u></u>	<u><u>8,662.01</u></u>

**Security & Other terms of loans**

Banks	Outstanding As at 31.3.2015	Outstanding As at 31.3.2014	Collateral
Axis Bank	3866.77	3897.87	Term loan is primarily secured on the assets purchased under the loan and collaterally secured by land and buildings located at Food Division, Minerals & Detergents Division located at Dindigul District
Standard Chartered Bank	1206.01	1809.70	Term loan is primarily secured on the assets purchased under the loan and collaterally secured by land measuring 4.01 Acres at Vedasandur. External commercial borrowings is fully hedged.

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS			As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Banks</b>	<b>Outstanding As at 31.3.2015</b>	<b>Outstanding As at 31.3.2014</b>	<b>Collateral</b>	
I C I C I Bank	46.65	91.51	Term loan is primarily secured on assets purchased under the loan.	
H D F C Bank	1870.40	652.85	Term loan is primarily secured on the assets of the company located at Trichy and personal asset of some of the Directors, assets located Chennai.	
Tata Capital	2.59	9.82	Term loan is primarily secured on the assets purchased under the loan.	
Karur Vysya Bank	1275.00	1575.00	Term loan is primarily secured on the Twin Theatre and Agri Gowodn located at Dindigul.	
Canara Bank	426.02	483.36	Term loan is primarily secured on the assets purchased under the loan and personal asset of some of the Directors, assets located Chennai.	
Bajaj Finance	Nil	750.34	Term loan is personally guaranteed by some of the directors.	

Note :

- The said loans are repayable in monthly / quarterly instalments
- The Company does not have any continuing default as on the Balance Sheet date in the repayment of loan or interest.

**NOTE - 5 : DEFERRED TAX LIABILITIES (NET)**

Opening Balance	596.93	546.93
Related to Fixed Assets / Disallowances under Income Tax Act, 1961	44.60	50.00
	<u>641.53</u>	<u>596.93</u>

**NOTE - 6 : OTHER LONG TERM LIABILITIES**

Others	97.98	123.95
	<u>97.98</u>	<u>123.95</u>

**Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015**

(Rs. in Lacs)

PARTICULARS	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>NOTE - 7 : SHORT TERM BORROWINGS</b>		
Secured		
(Secured by charge on inventories & Trade Receivables)		
From Banks	3,762.29	5,834.00
Un Secured		
From Banks	500.00	500.00
(Secured on personal guarantee of some of the Directors of the Company)		
	<u>4,262.29</u>	<u>6,334.00</u>

**NOTE - 8 : TRADE PAYABLES**

Trade Payables	1,382.63	1,223.38
	<u>1,382.63</u>	<u>1,223.38</u>

The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since the relevant information is still not available, no disclosures have been made in the accounts.

**NOTE - 9 : OTHER CURRENT LIABILITIES**

Current Maturities of Long Term Debts	2,150.38	1,914.97
Advances Received for Supply of Goods	107.32	18.46
Balances in Current Account with Banks	59.91	93.30
Others	304.07	253.22
	<u>2,621.68</u>	<u>2,279.95</u>

**NOTE - 10 : SHORT TERM PROVISIONS**

Provision for Superannuation / Gratuity / Leave Encashment	3.00	3.00
Proposed Dividend	113.98	85.49
Tax on Proposed Dividend	23.85	13.87
	<u>140.83</u>	<u>102.36</u>

NOTE - 11 : FIXED ASSETS												(Rs. in Lacs.)	
Description	Gross Value				Depreciation / Amortisation				Net Block				
	As at 01.04.2014	Additions	Deductions / Adjustments	As at 31.03.2015	As at 01.04.2014	Additions	Deductions / Adjustments	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014			
1	Tangible Assets												
a	844.63	14.42	-	859.05	-	-	-	859.05	844.63				
b	3,184.19	119.12	-	3,303.31	1,049.64	181.73	-	2,071.94	2,134.55				
c	11,929.84	1,082.62	23.52	12,988.94	4,736.69	1,073.01	15.20	7,194.44	7,193.15				
d	1,156.74	331.92	-	1,488.66	453.32	178.75	-	856.59	703.42				
e	46.81	3.01	-	49.82	28.62	5.00	-	16.20	18.19				
f	787.66	61.83	5.64	843.85	395.92	72.49	1.17	376.61	391.74				
g	472.18	117.56	-	589.74	347.06	63.68	-	179.00	125.12				
h	4,338.86	308.70	-	4,647.56	1,498.81	163.00	-	2,985.75	2,840.05				
	22,760.91	2,039.18	29.16	24,770.93	8,510.06	1,737.66	16.37	14,539.58	14,250.85				
2	Intangible Assets												
	110.33	-	-	110.33	73.68	24.56	-	12.09	36.65				
	22,871.24	2,039.18	29.16	24,881.26	8,583.74	1,762.22	16.37	14,551.67	14,287.50				
	21,057.20	1,824.91	10.87	22,871.24	6,947.69	1,644.42	8.37	14,287.50	14,109.51				
	Capital Work in progress											387.63	751.20

Note: 1. Pursuant to the enactment of the Companies Act, 2013 the Company has applied the estimated useful lives as specified in Schedule II. Accordingly unamortised carrying value is being depreciated over the remaining useful lives.

2. The amount of depreciation for the year include sum of Rs. 15.89 lacs representing the writtendown value of fixed assets whose lives have been expired as at 1.04.2014 based on the estimated useful lives as specified in the schedule II of the Companies Act, 2013. This transitional adjustment has been adjusted net of tax in the opening balance of Profit and Loss Account amounting to Rs.10.49 Lakhs as specified in the Companies Act,2013 .

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>NOTE - 12 : NON CURRENT INVESTMENTS</b>		
<b>TRADE INVESTMENTS</b>		
In Equity Shares - Unquoted, fully paid up		
Kerala Solvent Extract Ltd., (500 shares of Rs.10 each)	0.05	0.05
Sterling Spinners Ltd., (1500 shares of Rs.10 each)	0.15	0.25
Annai Power Pvt. Ltd., (10400 shares of Rs.100 each)	10.40	10.40
Total A	10.60	10.70
<b>OTHERS (QUOTED)</b>		
Indian Overseas Bank (480 shares of Rs.10 each)	0.05	0.05
Reliance Equity Advantage Fund (535000 units of Rs.10 each)	53.50	53.50
Total B	53.55	53.55
Total A+B	64.15	64.25
Aggregate amount of Quoted investments		
Cost	53.55	53.55
Market Value	53.68	53.74
Aggregate amount of Unquoted investments	10.60	10.70
<b>NOTE - 13 : LONG TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Capital Advances	97.97	156.12
Security Deposits	216.70	138.52
Other Deposits / Advances	61.28	17.20
	375.95	311.84
<b>NOTE - 14 : OTHER NON CURRENT ASSETS</b>		
Deferred Trade Receivables	0.21	0.21
Others	-	13.36
	0.21	13.57
<b>NOTE - 15 : INVENTORIES</b>		
Raw Materials	3,629.30	5,627.69
Finished Goods & Stock in Process	538.40	376.99
Stores and Spares	291.74	196.43
Packing Materials	122.45	92.20
	4,581.89	6,293.31

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>NOTE - 16 : TRADE RECEIVABLES</b>		
(Unsecured and considered good)		
Over Six Months	148.69	200.32
Others	2,200.78	2,823.59
	<u>2,349.47</u>	<u>3,023.91</u>
(Dues from companies/firms in which directors are interested as directors / members / partners is Nil (PY Nil))		
<b>NOTE - 17 : CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents :		
Cash on Hand	42.61	20.78
Bank Balances :		
Balances with Bank in current account	470.80	282.59
Sub Total	<u>513.41</u>	<u>303.37</u>
Other Bank Balances :		
Fixed Deposit with Banks	187.30	170.26
	<u>700.71</u>	<u>473.63</u>
Balance with bank includes Unpaid Dividend of Rs.2.74 Lacs (Previous Year Rs.2.44 Lacs)		
<b>NOTE - 18 : SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Loans and Advances to Related Parties	10.04	4.69
Loans and Advances to Employees	29.98	31.06
Advances Recoverable in cash or kind or for value to be received	638.86	136.31
Advance Income Tax (Net of provisions CY Rs. 219.49 lacs PY Rs. 304.50 lacs)	147.57	59.71
	<u>826.45</u>	<u>231.77</u>
<b>NOTE - 19 : OTHER CURRENT ASSETS</b>		
(Unsecured and considered good)		
Income Receivable	141.71	56.84
Others	21.86	0.27
	<u>163.57</u>	<u>57.11</u>

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS	2014-2015	2013-2014
<b>NOTE - 20 : REVENUE FROM OPERATIONS</b>		
<b>A. Sale of products</b>		
Manufactured Products		
Wheat & Wheat Products	35,776.70	32,801.03
Minerals and Others	3,550.55	3,283.62
	39,327.25	36,084.65
Less : Excise duty	-	-
	39,327.25	36,084.65
Traded Goods		
Wheat & Minerals	2,569.68	1,756.65
<b>B. OTHER OPERATING INCOME</b>		
Grinding Charges	70.65	39.00
Conversion Charges	3,050.83	3,083.13
Sale of scrap	268.67	353.23
Warehousing Charges	168.30	160.88
Weighbridge Income	50.16	44.40
Power Income	572.25	588.92
Lorry Income	275.41	218.99
	46,353.20	42,329.85
<b>NOTE - 21 : OTHER INCOME</b>		
Interest Income	34.87	14.08
Dividend Income	0.18	1.52
Net Gain / (Loss) on Sale of Assets	-	1.69
Rent Receipts	187.18	119.42
Others	-	0.46
	222.23	137.17
<b>NOTE - 22 : COST OF MATERIALS CONSUMED</b>		
Wheat	30,622.66	27,476.78
Minerals & Others	2,238.65	1,924.72
	32,861.31	29,401.50
<b>NOTE - 23 : PURCHASES OF STOCK IN TRADE</b>		
Wheat	2,416.62	1,606.48
Minerals & Others	24.46	1.03
	2,441.08	1,607.51



Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS	2014-2015	2013-2014
<b>NOTE - 24 : CHANGES IN INVENTORIES OF FINISHED GOOD, STOCK IN PROCESS AND STOCK IN TRADE</b>		
Finished Goods / Stock in Trade (at close)		
Wheat Products	490.93	275.12
Minerals & Others	47.47	101.87
Total A (at close)	538.40	376.99
Finished Goods / Stock in Trade (at commencement)		
Wheat Products	275.12	360.22
Minerals & Others	101.87	103.28
Total B (at commencement)	376.99	463.50
(Increase)/decrease A-B	(161.41)	86.51

**NOTE - 25 : EMPLOYEES BENEFITS EXPENSE**

Salaries	633.56	532.77
Wages	375.24	396.73
Bonus & Exgratia	113.85	91.40
Gratuity	22.70	21.75
House Rent Allowance	200.96	154.68
Staff Training Fees	23.34	18.59
Contribution to Provident Fund & Other Funds	161.67	148.08
Leave Salary	20.67	16.24
Staff Welfare Expense	114.44	101.20
Conveyance Allowance	109.11	101.47
Special Allowance	32.61	79.15
Entertainment Allowance	4.69	15.91
Washing Allowance	77.75	15.94
Directors Salary	129.00	147.39
	2,019.59	1,841.30

**NOTE - 26 : FINANCE COSTS**

Interest Expense - Banks	1,753.13	1,959.94
Interest Expense - Others	241.89	314.43
	1,995.02	2,274.37

**Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015**

(Rs. in Lacs)

PARTICULARS	2014-2015	2013-2014
<b>NOTE - 27 : OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Production Expenses	494.94	566.35
Power and Fuel	1,539.18	1,378.81
Repairs to Machinery	509.26	364.37
Laboratory Expenses	25.40	18.61
Total A	2,568.78	2,328.14
<b>ESTABLISHMENT EXPENSES</b>		
Annual Maintenance Charges	117.61	80.52
Bank Charges and Commission	73.34	130.03
Repairs to Building	76.58	63.23
Printing & Stationery	27.65	21.76
Subscription	2.52	10.55
Telephone	26.47	30.27
Professional Charges	54.94	43.12
Audit Fees	3.37	2.50
Directors Sitting Fees	1.20	0.90
Security Charges	67.26	70.51
Legal Expenses	2.02	4.56
Donations	17.31	20.11
Travelling & Vehicle Maintenance	520.03	487.64
Insurance	53.85	54.41
Rates, Licence and Taxes	50.08	35.23
Pooja Expenses	6.41	4.58
Postage	5.03	4.56
Computer Maintenance	13.11	5.14
Rent & Electricity	56.58	64.16
Windmill Expenses	18.18	18.16
Loss on Sale of Fixed Assets	8.55	-
Others	4.98	9.12
Total B	1,207.07	1,161.06
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement	83.47	56.44
Brokerage and Commission	21.53	22.36
Discount & Claims and Settlement	57.87	68.81
Sales Promotion	390.37	344.16
Freight and Handling	312.71	262.77
Total C	865.95	754.54
Grand Total A+B+C	4,641.80	4,243.74

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS	2014-2015	2013-2014
<b>NOTE - 28 : VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED</b>		
Raw Materials		
Imported	368.83 (1%)	--
Indigenous	32,492.48 (99%)	29,401.51(100%)
Stores and Spares		
Imported	71.34 (14%)	38.32 (11%)
Indigenous	437.92 (86%)	326.05 (89%)
<b>NOTE - 29 : CIF VALUE OF IMPORTS</b>		
Raw Materials	449.79	--
Components and Spares	66.34	36.67
Capital Goods	72.45	576.23
<b>NOTE - 30 : EXPENDITURE IN FOREIGN CURRENCY</b>		
Interest	180.80	213.98
<b>NOTE - 31 : EARNINGS IN FOREIGN EXCHANGE</b>		
Green Energy Credit (carbon credit)	--	--
<b>NOTE - 32 : REMUNERATION TO AUDITORS</b>		
As Auditors	2.81	2.00
Taxation matters	0.56	0.50

**NOTE - 33 : TAXES ON INCOME**

Current tax : Current Tax is determined in accordance with the Income Tax Act, 1961.

Deferred tax : Deferred Tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognised on timing difference that originate in one period and are of capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are recognised and carried forward only to the extent that they can be realised.

**Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015**

**NOTE - 34 : RELATED PARTY DISCLOSURES:**

a) Names of the related parties and nature of Relationship

- (i) Associate Companies : M/s. Naga Marine Industries Limited  
M/s. M.M. Detergents Company Private Ltd.,  
M/s. Annai Power Private Limited  
M/s. Naga Mills Limited
- ii) Firm : M/s. Rohini Enterprises
- iii) Key Managerial Personnel : Sri. K.S. Kamalakannan  
Smt. Mageswarikannan  
Sri. Sounderkannan
- iv) Relatives of Key Managerial Personnel : Sri. D. Vijay Anand  
Smt. Lakshmi Vijay Anand  
Smt. Monaa Kannan  
Ms. M. Jayalalitha  
Sri. M. Sukumar

b) The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the company.

Transactions with related parties.

(Rs. in lacs)

Particulars	Associate Companies	Firm	Key Mgmt Personnel	Relatives of key Mgmt Personnel	Total
Sales	3.97 ---	---	---	---	3.97 ---
Purchases	1,153.13 1,503.15	---	---	---	1,153.13 1,503.15
Wind Power Charges	12.34 13.70	---	---	---	12.34 13.70
Processing Income / Charges	14.23 9.61	6.31	---	---	14.23 15.92
Rental Income	---	3.00	---	---	3.00
Maintenance Expenses	18.65 13.75	---	---	---	18.65 13.75
Remuneration	---	---	129.00 147.39	91.67 66.92	220.67 214.31
Rent Paid	---	---	14.28 22.09	---	14.28 29.09
Interest Paid	---	---	170.50 145.13	---	170.50 145.13
Unsecured Loans	---	---	1,512.30 1,287.50	---	1,512.30 1,308.66
Debtors & other receivables	10.04 4.69	---	---	---	10.04 4.69
Creditors & other payables	775.60 856.01	---	27.39	91.67 66.92	775.60 883.40

*Note : Figures in italics represent previous year's amounts*

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

(Rs. in Lacs)

PARTICULARS	2014-2015	2013-2014
-------------	-----------	-----------

**NOTE - 35 : EARNING PER SHARE:**

i) Net Profit after tax as per statement of Profit and Loss (Rs in lacs)	762.22	1,031.17
ii) Weighted Average number of Equity Shares outstanding	1,42,48,000	1,42,48,000
iii) Basic & Diluted Earning Per Share (in Rs.)	5.35	7.11
iv) Face Value Per Share (in Rs.)	10.00	10.00

**NOTE - 36 : CONTINGENT LIABILITIES AND COMMITMENTS**

i) Contingent Liabilities

a) Claims against the Company /disputed liabilities not acknowledged as debts	--	--
b) Guarantees to banks		
Bank Guarantee Limit	1,500.00	1,500.00
Bank Guarantee Utilised	1,419.52	74.09
c) Corporate Guarantees	--	--

ii) Commitments

Estimated amount of contract remaining to be executed on Capital Account (net of advances) and not provided for	--	--
---	----	----

iii) Disputed demands of Service Tax outstanding

	--	304.00
--	----	--------

iv) Disputed Electricity Tax

	19.83	11.94
--	-------	-------

Writ petition is filed before the Hon'ble Supreme Court of India against demand of Electricity Tax on in-house generation of power through windmills. The Hon'ble Supreme Court has generated stay and the matter is pending before the Hon'ble Supreme Court.

v) Disputed demands of Sales Tax

	--	39.60
--	----	-------

vi) Disputed Windmill banking adjustment

	12.09	12.09
--	-------	-------

Stay petition is filled before the madurai Bench of Madras High Court against demand relating to banking adjustment of power generated through windmills. The Court has granted stay and the matter is pending before the Hon'ble High Court of Madras.

The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

**NOTE - 37 : SEGMENT REPORTING:**

The Business segment has been identified on the basis of products of the Company



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2015

and accordingly the operating segments of the Company are foods, Windmill and Minerals & Detergents. Segments have been identified and reported taking into consideration nature of products and services, the different risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with following additional policies for segment reporting.

(Rs. in Lacs)

Particulars	Foods Division	Minerals & Detergents	Windmill Division	Total
Segment Sales & Operational Income	39,037.28 <i>35,071.66</i>	6,950.78 <i>6,786.46</i>	587.38 <i>608.90</i>	46,575.44 <i>42,467.02</i>
Segment Result before Interest and Taxes	1,936.16 <i>1,931.82</i>	910.47 <i>1,467.32</i>	180.10 <i>242.90</i>	3,026.73 <i>3,642.04</i>
Less : Interest Expense	1,419.77 <i>1,562.74</i>	514.39 <i>641.73</i>	60.86 <i>69.90</i>	1,995.02 <i>2,274.37</i>
Profit before Tax	516.39 <i>369.08</i>	396.08 <i>825.59</i>	119.24 <i>173.00</i>	1,031.71 <i>1,367.67</i>
Current Tax	-	-	-	219.49 <i>304.50</i>
Deferred Tax	-	-	-	50.00 <i>50.00</i>
Profit after Tax	-	-	-	762.22 <i>1,013.17</i>
Less : Proposed Dividend and Dividend Tax	-	-	-	137.83 <i>99.36</i>
Retained Profit (after adjustment to fixed assets)	-	-	-	613.90 <i>913.81</i>
Segment Capital Employed	2,503.12	3,549.08	747.21	6,799.41
Segment Assets-Segment Liabilities	2,061.21	3,421.30	703.00	6,185.51

**Note : Figures in Italics represent previous year's amounts**

### NOTE - 38 : PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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

For and on behalf of the Board

M.K. RAVINDRAN

Partner

M.No: 020887

Place : Chennai

Date : May 28, 2015

K.S. KAMALAKANNAN

Chairman & Managing

Director

DIN : 01601589

MAGESWARI KANNAN

Joint Managing Director

DIN : 020107556

SOUNDER KANNAN

Whole-Time Director

DIN : 01603823

V. MARIKANNAN

Company Secretary

M.No. A30767

**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 : 044-25363535, Fax : 0451-2410122

Name of member(s)	:	
Registered address	:	
E Mail Id	:	
Folio No. / DPID - Client ID	:	

I/We, being the member(s) of \_\_\_\_\_ 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 24th Annual General Meeting of the Company, to be held on Monday, 27th July 2015 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, in the manner as indicated below :

Resolution No.	Description	Type of Resolution	* Optional	
			For	Against
Ordinary Business				
1.	Adoption of audited financial statements and Reports of the Board of Directors and Auditors for the financial period ended on 31st March 2015.	Ordinary		
2.	To declare a dividend on the equity shares of the Company	Ordinary		
3.	To appoint a director in place of Smt. Mageswari Kannan, who retires by rotation and being eligible offers herself for re-appointment.	Ordinary		
4.	To appoint M/s. D. Sampathkumar & Co., Chartered Accountants as Statutory auditors of the Company and fix their remuneration.	Ordinary		
Special Business				
5.	Approval of Remuneration payable to Dr. I. Ashok, CMA (M.No.11929), Cost Accountant for the financial year 2015-16.	Ordinary		
6.	Amendment of Articles of Association as per the Companies Act, 2013.	Special		

Signed this ..... day of ..... 2015

Signature of Shareholder : ..... Signature of Proxy holder(s) : .....

Affix Re.1 revenue stamp
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**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 24th 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 : 044-25363535, Fax : 0451-2410122

**24<sup>th</sup> Annual General Meeting - July 27, 2015**

Registered Folio No. / DP ID No. / Client ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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 24th Annual General Meeting of the Company at the Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai - 600 008 on Monday the 27th July, 2015 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.



