

NAGA LIMITED

25th

ANNUAL REPORT

2015 - 2016

For NAGA LIMITED

V. M. O.

Company Secretary

CORPORATE INFORMATION



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| <p>Board of Directors:</p> <p>Sri. K.S.Kamalakaran, Chairman & Managing Director</p> <p>Smt. Mageswari Kannan, Joint Managing Director</p> <p>Sri. Sounder Kannan, Whole-Time Director</p> <p>Sri. L.A.Irudayaraj, Independent Director</p> <p>Dr. K. Venkatachalam, Independent Director</p> <p>Sri. S. Ramesh, Independent Director</p> <p>Company Secretary Sri. V. Marikannan</p> <p>Statutory Auditors M/s. D. Sampathkumar & Co., Chartered Accountants, Chennai.</p> | <p>Registered Office: No.1, Anna Pillai Street, Chennai - 600001. CIN : L24246TN1991PLC020409 Telephone/fax : 044-25363535 Website : www.nagamills.com email : marikannanv@nagamills.com</p> <p>Factories:</p> <ol style="list-style-type: none"> 1) Naga Limited - Foods (Unit - I), No.1, Trichy Road, Dindigul - 624 005 2) Naga Limited - Foods (Unit - II), No.133, Trichy Road, Dindigul - 624 005 3) Naga Limited - Retail, No.1, Modern Nagar, Karur Road, Dindigul - 624 005 4) Naga Limited - Minerals, No.9, Trichy Road, Dindigul - 624 005 5) Naga Limited - Detergents, No.1, Oddanchatram Road, Vedasandur - 624 710 <p>Registrar and Share Transfer Agent: Ms/. Cameo Corporate Services Ltd "Subramanian Building", No.1, Club House Road, Chennai - 600 002.</p> <p>Bankers: Axis Bank Ltd., Dindigul HDFC Bank Ltd., Dindigul State Bank of India, Dindigul Karur Vysya Bank, Dindigul Standard Chartered Bank, Mumbai</p> |
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| | |
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| Request | 25th Annual General Meeting |
| 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. | Date & Time : 12.09.2016, 05.00 P.M. Venue : The Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 8. |

25th ANNUAL REPORT 2015-2016

For NAGA LIMITED

V. M. O.

Company Secretary

CHAIRMAN'S SPEECH

DEAR STAKEHOLDERS OF NAGA,

I have great pleasure in welcoming you all to the 25th Annual General Meeting of the company and present to you the Annual report of your company for the financial year 2015-16.

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, 2016 have already been provided to all the share holders of the company. With your permission, I take them as read.

Your Company's turnover has been decreased from Rs.465.75 Crores in the previous year to Rs.435.65 Crores in the year under review, i.e. by Rs.30.10 Crores and the net profit has reduced correspondingly from Rs.7.62 Crores to Rs.5.12 Crores.

The total Production of all divisions has decreased to 3,72,973 MT as against Previous Year production of 3,87,891 MT on account of sluggishness in demand and due to other constraints.

Further, long term measures are under consideration and implementation of the same will increase the efficiency and productivity.

Challenge have to be met from the current level to step ahead.

Presenting below, the business performance of each divisions.

FOODS :

There is decrease in productivity by 3.68% during the year when compared to last year. We are expecting to improve production for the current year.

Past years comparative statement for 10 years production are given below:

| Year | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Production MT | 156199 | 162161 | 146769 | 135220 | 135216 | 130309 | 112292 | 119510 | 128149 | 117047 |
| Growth (%) | (4) | 10 | 9 | - | 4 | 16 | (6) | (7) | 9 | 43 |

DETERGENTS :

Detergents business was established in 1992 and is in operation for 24 years. Naga, is the third largest manufacturer of detergents for M/s. Hindustan Unilever Limited.

The production is slightly higher then the last year's production.

Past years comparative statements for 10 years production are given below.

| Year | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Production MT | 112024 | 111624 | 128077 | 116891 | 97657 | 80645 | 66857 | 64853 | 62964 | 51027 |
| Growth (%) | - | (13) | 10 | 20 | 21 | 21 | 3 | 3 | 23 | (8) |

MINERALS :

Minerals divison was established 20 years ago.

The production during the year is lower by 8.2% when compared to last year. During this year, poultry market was not favourable. We could only sustain the same volume in poultry. Growth in glass industry has supported our volume.

Comparative production details for the last 10 years are given below :

| Year | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Production MT | 104750 | 114106 | 108991 | 103950 | 63889 | 70965 | 68455 | 61676 | 53532 | 51547 |
| Growth (%) | (8) | 5 | 5 | 63 | (10) | 4 | 11 | 15 | 4 | 22 |

WINDMILLS :

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. Excess consumption is marginally higher at 103 lacs units as against 89 lacs units during the last year.

(Units in lacs)

| Year | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Units Generated | 96 | 111 | 120 | 163 | 118 | 141 | 135 | 78 | 65 | 51 |
| Units Consumed | 199 | 200 | 174 | 131 | 137 | 138 | 123 | 133 | 136 | 134 |
| Excess/(Short) Consumption | 103 | 89 | 54 | (32) | 19 | (3) | (12) | 55 | 71 | 83 |

FINANCIAL INFORMATION :

The quantum leap in the business development is reflected in the company's Book Value of the equity shares of Rs 10/- each for the last five years as below, thus maximising the wealth of the shareholders.

| Year | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|-----------------|---------|---------|---------|---------|---------|
| Per Share Value | 50.37 | 47.72 | 47.41 | 37.00 | 26.62 |

DIVIDEND POLICY :

Taking into consideration the overall profitability position, the Board of Directors have recommended a final dividend of Rs. 0.20 per equity share of Rs. 10/- each, for the year ended 31st March, 2016. The interim dividend of Rs. 0.60 per equity share was paid in March 2016. The total dividend for the financial year, including proposed Final Dividend, amounts to Rs.0.80 per equity share (8% on paid-up equity share capital) (Previous year Rs. 0.80 per equity share) and the same will absorb Rs.113.98 Lacs (Previous year Rs.113.98 Lacs).

GRATITUDE :

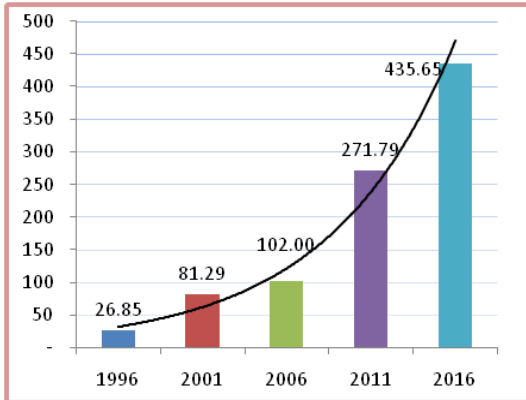
We are thankful to all the Stakeholders, Directors, Employees, Banks and Financial Institutions, Auditors, Consultants, Service Providers and Government Departments for continued support and encouragement.

GOD BE WITH NAGA FAMILY.

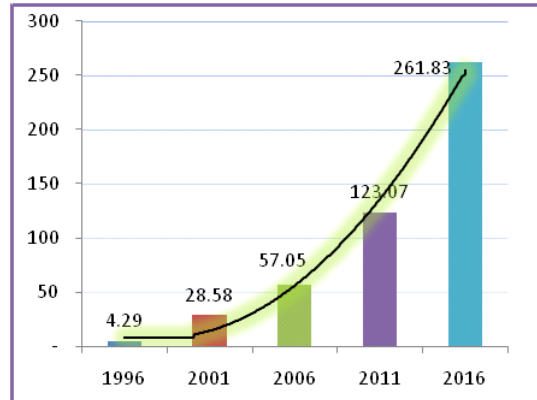
K.S. Kamalakannan
Chairman & Managing Director.

LAST 25 YEARS FINANCIAL HIGHLIGHTS FOR EVERY FIVE YEARS

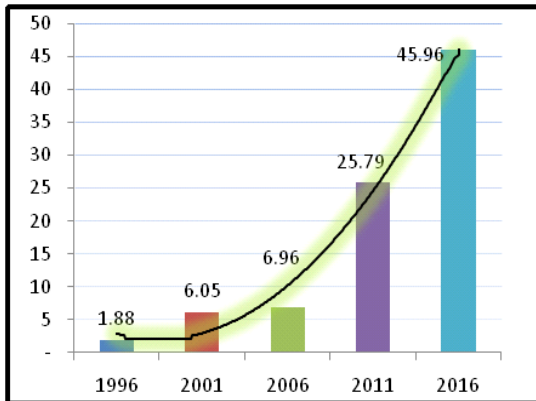
TOTAL REVENUE IN CRORES



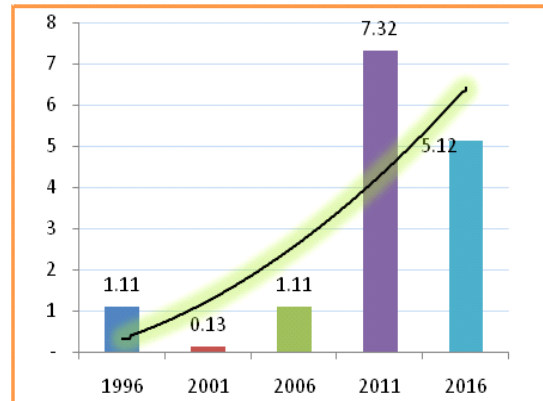
FIXED ASSETS (GROSS) IN CRORES



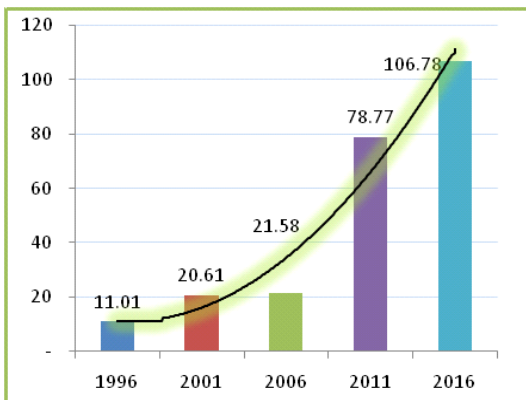
PBDIT IN CRORES



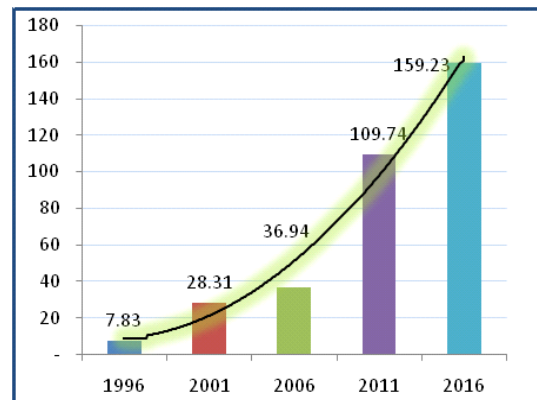
PAT IN CRORES



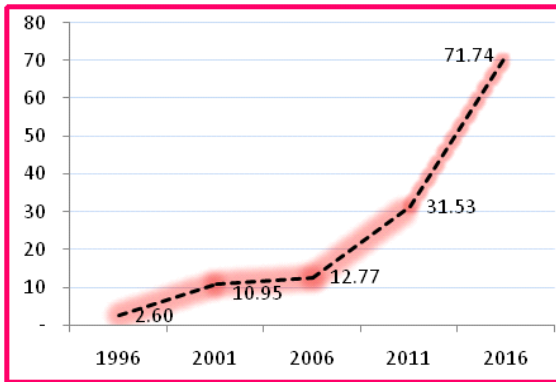
NET ASSET VALUE PER SHARE IN RS.



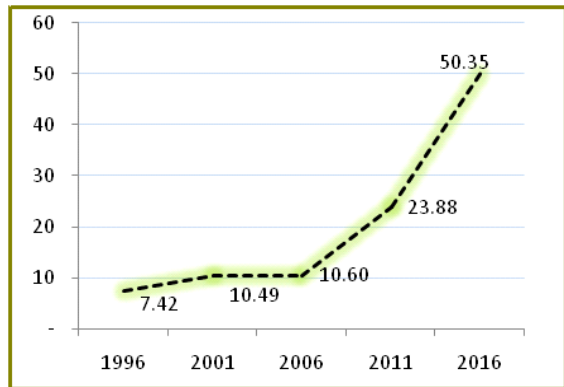
CAPITAL EMPLOYED IN CRORES



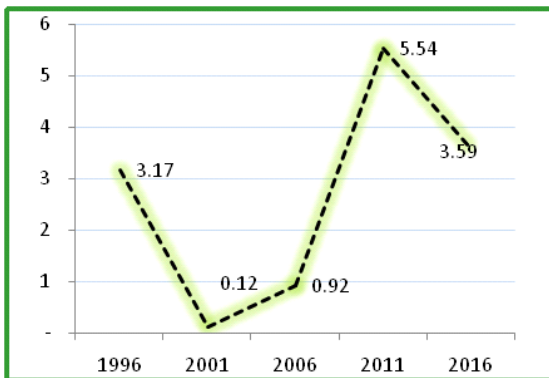
NETWORTH IN CRORES



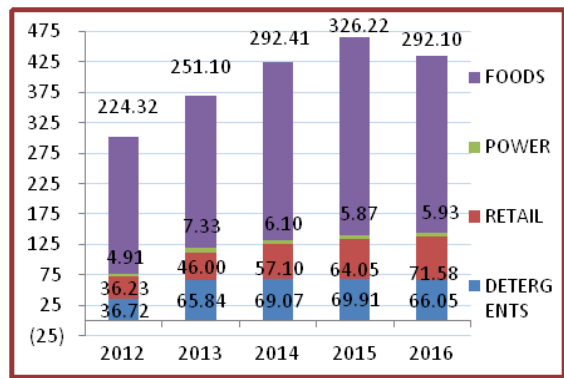
NETWORTH PER SHARE IN Rs.



EPS IN RS

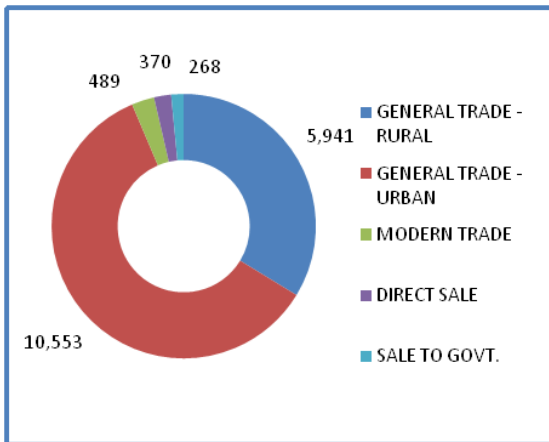


SEGMENT WISE REVENUE IN CRORES

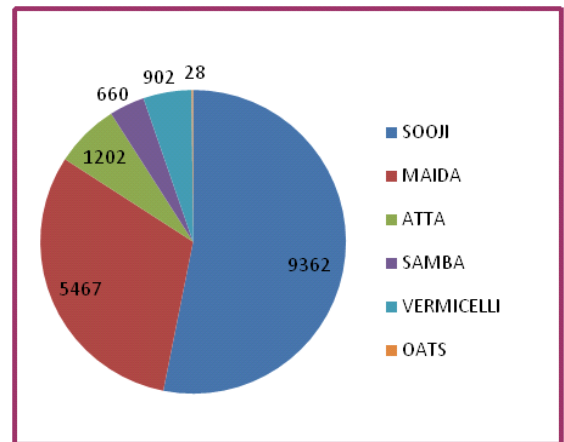


2016 HIGHLIGHTS

RETAIL DIVISION -SEGMENTAL SALES IN MTS



RETAIL DIVISION -PRODUCT WISE SALES IN MTS



NAGA LIMITED

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

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of NAGA LIMITED will be held at the Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai - 600 008 on Monday, the 12th September, 2016 at 05.00 P.M to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors' and the Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Report of Auditors thereon.

2. To confirm the payment of interim dividend and to declare a final dividend on equity shares for the financial year ended 31st March 2016.

3. To appoint a director in place of Mr. Sounder Kannan (DIN 01603823), who retires by rotation and being eligible, offers himself for re-appointment.

“RESOLVED THAT Mr. Sounder Kannan (DIN 01603823), who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible be and is hereby re-appointed as Director of the Company whose office shall be liable to retirement by rotation.”

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, 141, 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 second consecutive term to hold office from the conclusion of 25th Annual General Meeting until the conclusion of the 29th Annual General Meeting of the Company subject to ratification by the shareholders at every Annual General Meeting 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 revision of remuneration of Mr. K.S.Kamalakaran, (holding DIN 01601589) Chairman and Managing Director of the Company, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolutions as Special Resolutions

“RESOLVED THAT in partial modification to the Resolution No. 5 passed by the Members at the 23rd Annual General Meeting held on August 1st, 2014 approving the appointment and terms of remuneration of Sri. K.S.Kamalakaran, as Chairman and Managing Director in accordance with

the provisions of Sections 190, 196, 197, and Schedule V part II section II and other applicable provisions, if any, of the Companies Act, 2013, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Sri. K.S.Kamalakaran, (DIN 01601589) as Chairman and Managing Director from Rs.5 Lacs to Rs. 5.50 Lacs per month for the remaining period of his tenure of office, with effect from 12th September, 2016, as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT all other terms and conditions of appointment of Sri. K.S.Kamalakaran, (DIN 01601589) as Chairman and Managing Director as approved earlier by the Members, shall remain unchanged.

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

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

“RESOLVED THAT in partial modification to the Resolution No. 6 passed by the Members at the 23rd Annual General Meeting held on August 1st, 2014 approving the appointment and terms of remuneration of Smt. Mageswari Kannan, Joint Managing Director in accordance with the provisions of Sections 190, 196, 197, and Schedule V part II section II and other applicable provisions, if any, of the Companies Act, 2013, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Smt. Mageswari Kannan, (DIN 02107556) Joint Managing Director from Rs.3.25 Lacs to Rs. 3.50 Lacs per month for the remaining period of her tenure of office, with effect from 12th September, 2016, as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT all other terms and conditions of appointment of Smt. Mageswari Kannan, (DIN 02107556) Joint Managing Director as approved earlier by the Members, shall remain unchanged.

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

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

“RESOLVED THAT in partial modification to the Resolution No. 7 passed by the Members at the 23rd Annual General Meeting held on August 1st, 2014 approving the appointment and terms of remuneration of Mr. Sounder Kannan, Whole-Time Director in accordance with the provisions of Sections 190, 196, 197, and Schedule V part II section II and other applicable provisions, if any, of the Companies Act, 2013, the Company pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, hereby approves the increase in remuneration of Mr. Sounder Kannan, (DIN 01603823) Whole-Time Director from Rs.3 Lacs to Rs. 3.50 Lacs per month for the remaining period of his tenure of office, with effect from 12th September, 2016, as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Sounder Kannan, (DIN 01603823) Whole-Time Director as approved earlier by the Members, shall remain unchanged.

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

8. To approve the revision of remuneration of Mr. D.Vijay Anand, VP-Foods Division, the relative of Executive Directors, occupying the position of office or place of profit, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolutions as Special Resolutions.

"RESOLVED that pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board and pursuant to the provisions of the Companies Act, remuneration payable to Sri. D. Vijay Anand, Vice-President, Foods Division and subject to such approvals, be increased from Rs.29.50 Lacs per annum to Rs.36 Lacs per annum and on the terms and conditions, as set out in the explanatory statements attached to this notice be and is hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time within the limits depending upon the performance of the individual concerned and subjected to the recommendations of Nomination and Remuneration Committee and Audit Committee, with effect from 12th September, 2016.

9. To approve and ratify the remuneration paid to Mr. K.S.Kamalakaran,(DIN 01601589) Chairman and Managing Director of the Company, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolutions as Special Resolutions.

"RESOLVED that pursuant to the provisions of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, the remuneration paid to Sri. K.S. Kamalakannan, Chairman & Managing Director of Rs. 3 lakhs per month, other terms and conditions of re-appointment remaining the same, with effect from 1st August, 2011 till 1st August, 2012 be and is hereby approved and ratified."

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


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

"RESOLVED that pursuant to the provisions of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, the remuneration paid to Smt. Mageswari Kannan, Joint Managing Director of Rs.2 lakhs per month, other terms and conditions of appointment remaining the same, with effect from 1st August, 2011 till 1st August, 2012 be and is hereby approved and ratified."

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

Place : Chennai
Date : 19.05.2016

BY ORDER OF THE BOARD
For NAGA LIMITED


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 INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. 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.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 of the Companies Act, 2013 with respect to item nos. 5 to 10 of the Notice is annexed hereto and forms part of this Notice.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 06.09.2016 to 12.09.2016 (both days inclusive).
5. Pursuant to Section 205A and 205C of the Companies Act, 1956, unclaimed dividends for the year ended 31st March 2008 have been transferred to the Investor Education and Protection Fund (IEPF). In terms of the Companies Act, any dividend remaining unclaimed for a period of seven years from the due date of transfer to the Unpaid Dividend account is required to be transferred to the IEPF. Members shall not be able to claim any unpaid or unclaimed dividend from the IEPF or the Company thereafter. Members who have not encashed their dividend warrants towards the Final Dividend for the year ended 31st March 2009 or thereafter are requested to write to the Company Secretary. Members are requested to note that the Final Dividend for the year ended 31st March 2009 declared at the Annual General Meeting held in July 2009 is due to be transferred to the IEPF in August, 2016.
6. 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.20. 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. Once the vote on a resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently. The members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to vote again at the meeting.
7. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with the specimen signatures of their authorized 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 31.03.2016 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 25th 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 25th 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 25th Annual General Meeting and the Annual Report for the financial period ended on 31.03.2016 will also be available on the Company's website 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.

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. A Route map showing directions to reach the venue of the 25th Annual General Meeting is given on end of this 25th AGM Notice as per the requirement of the Secretarial Standards -2 on "General Meeting".

20. 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 25th 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 09.09.2016 (10.00 a.m.) and ends on 11.09.2016 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 05.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on Shareholders.
- Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

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

- After entering these details appropriately, click on “SUBMIT” tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant Naga Limited on which you choose to vote.
- On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- Pursuant to Section 107 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, there will not be voting by show of hands on any of the agenda items at the Meeting and the Company will conduct voting at the Meeting.
- The Scrutinizer shall submit his report, to the Chairman, on the votes cast in favour or against, if any, within a period of three working days from the date of conclusion of the e-voting period.
- The results declared along with the Consolidated Scrutinizer's report shall be placed on the website of the Company www.nagamills.com. The results shall simultaneously be communicated to the Stock Exchanges.

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

Item No.5,6 & 7

The Members of the Company at the 23rd Annual General Meeting held on August, 1st 2014 approved the reappointment of Mr. K.S.Kamalakaran, (DIN 01601589) as Chairman and Managing Director, Mrs. Mageswari Kannan, (DIN 02107556) as Joint Managing Director and Mr. Sounder Kannan, (DIN 01603823) as Whole-Time Director for a period of three years w.e.f. 01.08.2014. The terms of remuneration for Mr. K.S. Kamalakannan and Mrs. Mageswari Kannan, and w.e.f. 27.03.2014 for Mr. Sounder Kannan, was Rs.5 Lacs, Rs.3.25 Lacs and Rs.3 Lacs respectively per month. The compensation packages of the members of staff of the Company have been recently revised w.e.f. April, 2016. This was done taking into consideration the prevailing trends in the industrial sector in terms of compensation packages. It is proposed to revise the Salary Scale of Mr.K.S.Kamalakaran, (DIN 01601589), Chairman and Managing Director from present remuneration of Rs.5 Lacs p.m. to a revised remuneration of Rs.5.50 Lacs p.m., Smt. Mageswari Kannan, (DIN 02107556) Joint Managing Director from present remuneration of Rs.3.25 Lacs p.m. to a revised remuneration of Rs.3.50 Lacs and Mr. Sounder Kannan, (DIN 01603823), Whole-Time Director from present remuneration of Rs.3 Lacs p.m. to a revised remuneration of Rs.3.50 Lacs p.m. w.e.f. September, 2016. However, all other terms and conditions of the limits as provided under section 190, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V part II section II subject to such approvals as may be necessary, will remain unchanged.

The details of revised remuneration are as follows:

| | | | |
|---|--|--|--|
| Particulars | Sri. K.S. Kamalakannan Chairman and Managing Director (DIN 01601589) | Smt. Mageswari Kannan Joint Managing Director (DIN 02107556) | Sri. Sounder Kannan Whole-Time Director (DIN 01603823) |
| Salary | Rs. 5,50,000/- per month (Rupees Five Lakhs and Fifty Thousand) | Rs. 3,50,000/- per month (Rupees Three Lakhs and Fifty Thousand) | Rs. 3,50,000/- per month (Rupees Three Lakhs and Fifty Thousand) |
| Commission | At the rate of 1% on the Net Profits of the Company computed in the manner laid down in the Companies Act, 2013 for the each of the above persons. | | |
| Perquisites (for each of the above persons) | <p>a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;</p> <p>b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and</p> <p>c) Encashment of leave at the end of the tenure.</p> | | |

Other payments (for each of the above persons) :

| | |
|---|---|
| (a) Medical benefit for Reimbursement of Medical expenses actually incurred for self and family : | Subject to ceiling of one month salary in a year of service. |
| (b) Leave and Leave Travel Concession | Leave as per Rules of the Company including encashment of leave. Travel concession for self and family once in a year incurred in accordance with the rules of the Company. |
| (c) Club Fees | Club Fees subject to a maximum of two clubs. This will not include Admission Fees and Life Membership Fees. |
| (d) Car | To provide a car for use in Company's business. The same shall not be considered as a perquisite. |
| (e) Telephone and Mobile Phone | To provide a Telephone at residence for Company's Use. The same shall not be considered as a perquisite. To provide Mobile phones exclusively for the purpose of business. |
| (f) Entertainment Expenses | Entitled for reimbursement of Entertainment expenses properly incurred for the business of the Company. |

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

The Board recommends these resolutions set out in Item No. 5,6 & 7 for approval of the members.

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

Item No.8

The members may approve the resolution seeking to enhance the remuneration of Sri. D. Vijay Anand, VP-Foods Division, the relative of Executive Directors, who is already holding office or place of profit under Sec.188(f) of the Companies Act, 2013. to retain his talents and maximize profits.

The compensation packages of the members of staff of the Company have been recently revised w.e.f. April, 2016. This was done taking into consideration the prevailing trends in the industrial sector in terms of compensation packages. The shareholders prior approval is required, if monthly remuneration exceeding Rs. 2.5 Lakhs per month / 30 Lacs per annum as mentioned in clause (f) of sub-section (1) of section 188. On recommendations of the Nomination and Remuneration Committee and Audit Committee, the Board decided to revise his remuneration as follows w.e.f. 12th September, 2016 subject to members approval by way of Special Resolution at the ensuing 25th Annual General Meeting.

The details of revised remuneration are as follows:

| | |
|----------------------|--|
| Name of the relative | Sri. D. Vijay Anand , Vice - President (Foods Division) |
| Salary | Rs. 36 Lacs per annum |
| Perquisites | <p>a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;</p> <p>b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and</p> <p>c) Encashment of leave at the end of the tenure.</p> |

Other payments :

| | |
|---|---|
| (a) Medical benefit for Reimbursement of Medical expenses actually incurred for self and family : | Subject to ceiling of one month salary in a year of service. |
| (b) Leave and Leave Travel Concession | Leave as per Rules of the Company including encashment of leave. Travel concession for self and family once in a year incurred in accordance with the rules of the Company. |
| (c) Club Fees | Club Fees subject to a maximum of two clubs. This will not include Admission Fees and Life Membership Fees. |
| (d) Car | To provide a car for use in Company's business. The same shall not be considered as a perquisite. |
| (e) Telephone and Mobile Phone | To provide a Telephone at residence for Company's Use. The same shall not be considered as a perquisite. To provide Mobile phones exclusively for the purpose of business. |
| (f) Entertainment Expenses | Entitled for reimbursement of Entertainment expenses properly incurred for the business of the Company. |

The Board recommends this resolution set out in Item No. 8 for approval of the members.

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

Item No.9 & 10

The Board of Directors of the Company in their meeting held on 25th July, 2011 approved the reappointment of Mr. K.S.Kamalakannan, (DIN 01601589) as Chairman and Managing Director, and Mrs. Mageswari Kannan, (DIN 02107556) as Joint Managing Director for a period of three years w.e.f. 01.08.2011 on a remuneration of Rs.3 Lacs and Rs.2 Lacs per month with perquisites respectively. In the 21st AGM held on 02.08.2012, the reappointment of the above said persons with effect from 1st August, 2011 was approved but erroneously the terms of payment of remuneration was not placed before the shareholders' approval. To regularize the same, the above resolutions are placed before the shareholders for ratification.

The Board recommends this resolution set out in Item No. 9 & 10 for approval of the members.

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

ANNEXURE

A) GENERAL INFORMATION

- | | | |
|--|---|---|
| 1) Nature of Industry | : | Manufacturing of Wheat products, Detergents, Minerals and Generation of Wind Power. |
| 2) Date of Incorporation/ Commencement of Commercial Production | : | 01.03.1991 |
| 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions approving in the prospectus | : | N.A |
| 4) Financial performance based on given indicators | : | Net Profit : 512 Lakhs Current Ratio : 1:1.07 |
| 5) Export performance and Net foreign exchange collaborations | : | Nil |
| 6) Foreign Investments or collaborations, if any | : | Nil |

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

- | | |
|---|--|
| 1) Name of Director | Sri. SOUNDER KANNAN |
| 2) Director Identification Number (DIN) | DIN 01603823 |
| 3) Date of Birth | 11th April, 1981 |
| 4) Nationality | Indian |
| 5) Date of Reappointment | 27th March, 2014 |
| 6) Relationship with other Directors | Son of Sri. K.S. Kamalakannan and Smt. Mageswari Kannan |
| 7) Qualification | B.E., (Mechanical) |
| 8) Expertise in specific functional areas | Experience in Flour Milling & Detergents Industries for the past 12 years. |
| 9) Number of shares held in the Company | 817855 |
| 10) List of Directorship held in other public Companies | Naga Mills Limited |

11) Membership / Chairmanship of Committees of the public companies (includes only Audit, Nomination and Remuneration, Stakeholders Relationship and CSR Committees)


- i. Stakeholders Relationship Committee
- ii. CSR Committee

12) No. of Board meetings attended during the financial year 2015-16

Held - 8
Attended - 7

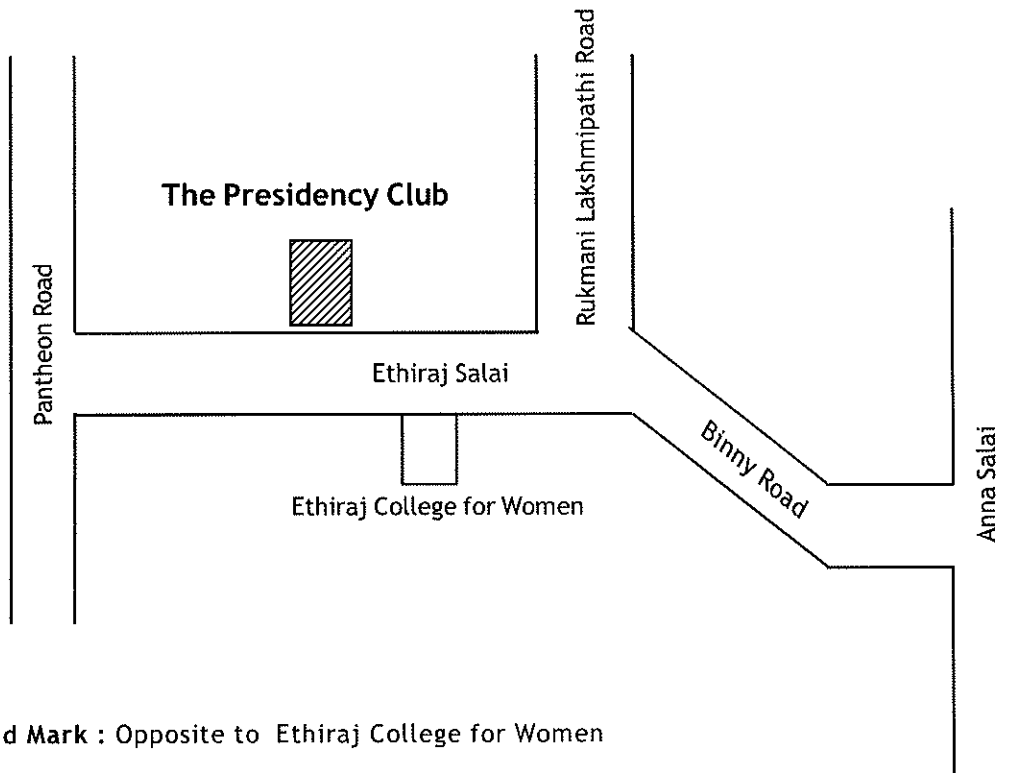
Place : Chennai
Date : 19.05.2016

BY ORDER OF THE BOARD
For NAGA LIMITED


V. Marikannan
Company Secretary

Route Map to the AGM Venue

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



25TH DIRECTORS' REPORT

TO THE MEMBERS OF NAGA LIMITED

Your Directors take pleasure in presenting the Twenty Fifth Annual Report together with the audited financial statements for the year ended March 31, 2016.

FINANCIAL RESULTS

The audited 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 31.03.2016 | Previous year 31.03.2015 |
|---------------------------------------|----------------------------|-----------------------------|
| Sales | 43274.03 | 46,353.20 |
| Other Income | 291.43 | 222.23 |
| Total Income | 43565.46 | 46,575.43 |
| Total Expenditure | 38969.09 | 41,802.37 |
| Financial Cost | 1,822.59 | 1,995.02 |
| Profit before Depreciation and Tax | 2,773.78 | 2,778.04 |
| Depreciation & Amortisation | 1,887.84 | 1,746.33 |
| Taxation | 374.35 | 269.49 |
| Net Profit | 511.59 | 762.22 |
| Balance brought forward | 5,019.50 | 4,426.60 |
| Amount available for appropriation | 5,531.09 | 5,188.82 |
| Appropriations: | | |
| a) Proposed Dividend | 113.98 | 113.98 |
| b) Tax on Dividend | 23.22 | 23.85 |
| c) Adjustment related to Fixed Assets | - | 10.49 |
| d) Transfer to General Reserve | 21.00 | 21.00 |
| e) Balance carried to Balance Sheet | 5,372.89 | 5,019.50 |

DIVIDEND

Your Directors are pleased to recommend a final dividend of Rs. 0.20 per equity share of Rs. 10/- each, for the year ended 31st March, 2016. The interim dividend of Rs. 0.60 per equity share was paid in March 2016.

The Final Dividend, subject to approval of members, will be paid within statutory period, to the members whose names appear in the Register of Members, as per book closure. The total dividend for the financial year, including proposed Final Dividend, amounts to Rs.0.80 per equity share (8% on paid-up equity share capital) (Previous year Rs. 0.80 per equity share) and the same will absorb Rs.113.98 Lacs (Previous year Rs.113.98 Lacs).

Pursuant to the provisions of Section 205C of the Companies Act, 1956 and Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven

years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. The details of any unpaid dividend amounts as per Section 125(2) of the Companies Act, 2013 have to be identified and uploaded on the website of the Company. Accordingly, unclaimed dividends up to the financial year 2007-08 have been transferred to IEPF by the Company.

COMPANY PERFORMANCE

Your company's turnover & other income during the year under review is Rs. 43565.46 Lacs as against Rs. 46,575.43 Lacs for the corresponding previous year. There has been decrease of Rs.3009.97 Lacs which works out to an decrease of 6.46 % when compared to the previous year.

Your Directors are to report that your Company has earned a net profit after tax of Rs. 511.59 Lacs, as against a sum of Rs. 762.23 Lacs during the previous year due to higher depreciation and amortisation and higher other expenses.

Despite the unfavorable economic conditions and the continuous weak global scenario, your company has achieved the present turnover and has increased the retail reach of the products to the consumer. Having our presence 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 decrease in production volume by 3.68% during the year compared to last year. Food and Retail Division has shown an decrease of about 3.31% 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. We have restored production to the last year's figures and even surpassed it by a little margin.

MINERALS

Minerals Division has shown an decrease in production volume of about 8.20% during the year under report as compared to the previous year. The sales volume has shown a decrease of about 10.65% for the year under report as compared to the previous year.

WIND & SOLAR POWER

The Energy Division of your company now has total 11 windmills with an installed capacity of 9025 KW apart from having 600 KW of Solar Power. The generation during the year under report was 96 Lacs units as compared to 111 Lac units during the previous year.

TRANSFER TO RESERVE

Your Board propose to transfer Rs.21 Lacs to the General Reserve. An amount of Rs229.18 Lacs is proposed to be retained in the General Reserve Account.

MANAGEMENT DISCUSSION & ANALYSIS

As required by Regulation 34(2) of the Securities and Exchange of India (LODR) Regulations, 2015 has been attached to this report in “Annexure A”.

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, Sri. Sounder Kannan, Whole-Time Director, retires by rotation and being eligible, offered himself for reappointment at the ensuing Annual General Meeting.

b) Board independence

Our definition of 'Independence' of Directors is derived from Regulation 16(1) of the SEBI (LODR) Regulations, 2015 with Stock Exchanges and Section 149(6) of the Companies Act, 2013. Based on the declaration submitted by Independent Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Regulation 25(3) of the SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013 :-

- a) Sri. L.A.Irudayaraj
- b) Dr. K. Venkatachalam
- c) Sri. S. Ramesh

The terms and conditions of appointment of the Independent Directors are placed on the website of the company www.nagamills.com.

c) Directors' training, Familiarization & Evaluation and Nomination and Remuneration Policy

The Directors are regularly informed during meetings of the Board and Committees of the activities of the Company, its operations and issues facing our industries. Considering the long association of the Directors with the Company and their seniority and expertise in their respective areas of specialization and knowledge of our industries, their training and familiarization were not considered necessary and accordingly no such programmes were conducted.

Pursuant to the provisions of the Companies, Act, 2013 and Regulations 17 & 19 read with part D of Schedule II to SEBI LODR, the Board has carried out an evaluation of the Directors as well as the evaluation of the Board and 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.

Your Board has adopted a Nomination and Remuneration Policy as required by Section 178 of the Companies Act, 2013. The policy provides for the appointment and removal of Directors, Key Managerial Personnel and Senior Management employees and their remuneration. The terms of reference of the Nomination and Remuneration Committee are given in the Report on Corporate Governance.

d) Resignation and Appointment of C.F.O.

i) Mr. R.Anand, CFO, has resigned from the Company effective December 31, 2015. Your Directors place on record their appreciation of the valuable services rendered by the aforesaid CFO during his tenure as CFO of the Company. Mr. T.Nagarajan, F.C.A., ACMA & A.C.S. was appointed as Chief Financial Officer (C.F.O) of the Company with effect from 01.06.2016 at the Board Meeting held on 19.05.2016.

e) Key Managerial Personnel

As required under Section 203 of the Companies Act, 2013, the Company has noted that Mr. K.S.Kamalakannan, Chairman and Managing Director, Mrs. Mageswari Kannan, Joint Managing Director, Mr. Sounder Kannan, Whole-Time Director, Mr. R.Anand, Chief Financial Officer upto 31st December, 2015 and V. Marikannan, Company Secretary are the Key Managerial Personnel of the Company.

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

As required by Regulation 34(2) of the SEBI (LODR), Regulations, 2015, a Cash Flow Statement is appended. Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 and SEBI Listing Regulations and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

BOARD MEETINGS

Eight meetings of the Board of Directors were held during the year. Dates of the meetings are given in the Report of Corporate Governance.

AUDIT COMMITTEE

Details pertaining to composition of the Audit Committee are included in the Report on Corporate Governance.

SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

As on March 31, 2016, your Company has One Associate Company, viz. Annai Power Private Limited. There has not been any material change in the nature of the business of the associate. As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Companies Act, 2013, the Consolidated Financial Statements of your Company and its associate are provided in this Annual Report. The Consolidated Financial Statements have been prepared in accordance with Accounting Standards AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India and shown the financial resources, assets, liabilities, income, profits and other details of your Company and its share in Associate Company as a single entity.

The performance and financial position of associate Company included in the Consolidated Financial Statement is provided in accordance with the provisions of Section 129, read with Rule 5 of the Companies (Accounts) Rules, 2014 as a separate statement annexed to end of the Consolidated Financial Statements containing the salient features of the financial statements of Company's subsidiaries / joint ventures or associate companies in Form AOC-1.

Pursuant to Rule 8 (5) (iv) of the Companies (Accounts) Rules, 2014, the names of the companies which have become or ceased to be the subsidiaries, joint ventures or associate companies during the year are provided in end of the Consolidated Financial Statements.

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 for the year ended March 31, 2016.

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.

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.

The details of risk identified and mitigation plan are provided as a part of Management Discussion and Analysis Report attached as “Annexure A” to this report.

CORPORATE GOVERNANCE

As required by Schedule V(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance is given as a part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

GENERAL SHAREHOLDER INFORMATION

General Shareholder Information is given in Item No. 10 of the Report on Corporate Governance forming part of the Annual 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, 2016, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 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.

AUDITORS

a) Statutory Auditors

Yours Company's Auditors, M/s. D.Sampathkumar & Co., Chartered Accountants, Chennai Firm Registration No. 003556S 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 Regulation 33(1)(d) of the SEBI(LODR) Regulations, 2016, 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 on the Standalone Financials for the year ended March 31, 2016 does not contained any qualification, observation or adverse comment.

The Auditors Report to the Shareholders on the Consolidated Financials for the year ended March 31, 2016 does not contained any qualification, observation or adverse comment.

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., Practising Company Secretaries, Chennai, FCS No. 5691 & C.P. No. 4966 to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report for FY 2015-2016 is annexed herewith as “Annexure B”. The report does not contain any qualification, reservation or adverse remark.

c) Cost Auditor

Pursuant to the provisions of Section 148(3) of the Act the Board of Directors had appointed Dr. I. Ashok, Cost Accountant, Thirumangalam, having Registration No. M/11929 as Cost Auditor of the Company, for conducting the audit of cost records of Minerals Division for the financial year ended March 31, 2016. The audit is in progress and report will be filed with the Ministry of Corporate affairs with in the prescribed period.

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.

During the year under review, the total number of permanent employees on the rolls of Company is 542.

EXTRACT OF ANNUAL RETURN

The extracts of Annual Return in Form MGT-9 as on March 31, 2016 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 are furnished in “Annexure C” and is attached to this Report.

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, suitable disclosures as required under AS-18 have been made in Note. 34 to the financial statements.

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 CMD/CEO & 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, are 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).

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee to monitor implementation of CSR activities of your Company.

Based on the recommendation of the CSR Committee, your Board has adopted a CSR Policy. The details of the CSR Committee, CSR policy, CSR initiatives and activities during the year are given in the Annual Report on CSR activities in “Annexure - E” to this Report.

PARTICULARS REGARDING EMPLOYEES REMUNERATION

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as “Annexure-F”.

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.

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

The Company has a proper and adequate internal control system to ensure that all the assets of the Company safeguarded and protected against any loss and that all transactions are properly authorised and recorded. Information provided to Management is reliable and timely and statutory obligations are adhered to. The details of the same are provided in the Management Discussion and Analysis Report attached as “Annexure A” to this Report. The Company has established internal financial control policy.

The Internal Auditor 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, they Board takes corrective action 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 G”.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

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.

Place : Chennai
Date : 19.05.2016

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS



K.S. KAMALAKANNAN
Chairman & Managing Director



ANNEXURE - A TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and developments, Opportunities and Threat, Performance, outlook, Risks and Concerns:

Strategic Location:

Naga Limited's food unit is located at Dindigul. The total installed capacity is 800 tons per day. The state of the art setup includes an entire Buhler plant with PLC control. The facility also consists of Silos for storage of wheat up to 64,000 tonnes.

Detergent division is located at Vedasandur and has a production capacity of 1,25,000 tonnes per annum. Minerals Division, located at Dindigul has production capacity of 78,000 tons of granular and 42,000 tons of powder.

Wheat based Industry Structure and development:

Wheat is the staple food for Indians consumed in the form of homemade chapattis or rotis (unleavened flat bread) using custom milled atta (whole wheat flour). With growth in the economy, Indian households are diversifying their consumption patterns with an expanding share of high-value and high-protein items (fruits, dairy products, meat, and processed foods) at the cost of cereals (rice, wheat and coarse grains). Informed sources report that per capita consumption of wheat at household level has been stagnant or marginally declined in the last few years although sample surveys are not available beyond 2009/10 (see IN2026). Some wheat is also used for wheat-based processed products like raised breads, "biscuits" (cookies) and other bakery items. Typically, whole wheat is distributed through the open market and public distribution system to be subsequently custom milled by the household for home use. Most wheat retained by farmers (40-45 percent), after saving some quantities for seed use for the next season, is also custom milled, mostly in the chakkies (small flour mills) for home consumption and small quantities for feed use (mostly lactating cows and buffaloes). Some of the open market wheat and government wheat is procured by the organized milling sector for producing wheat flour for the hotels, restaurants and institutional sector and a small share for branded and packaged wheat flour and atta.

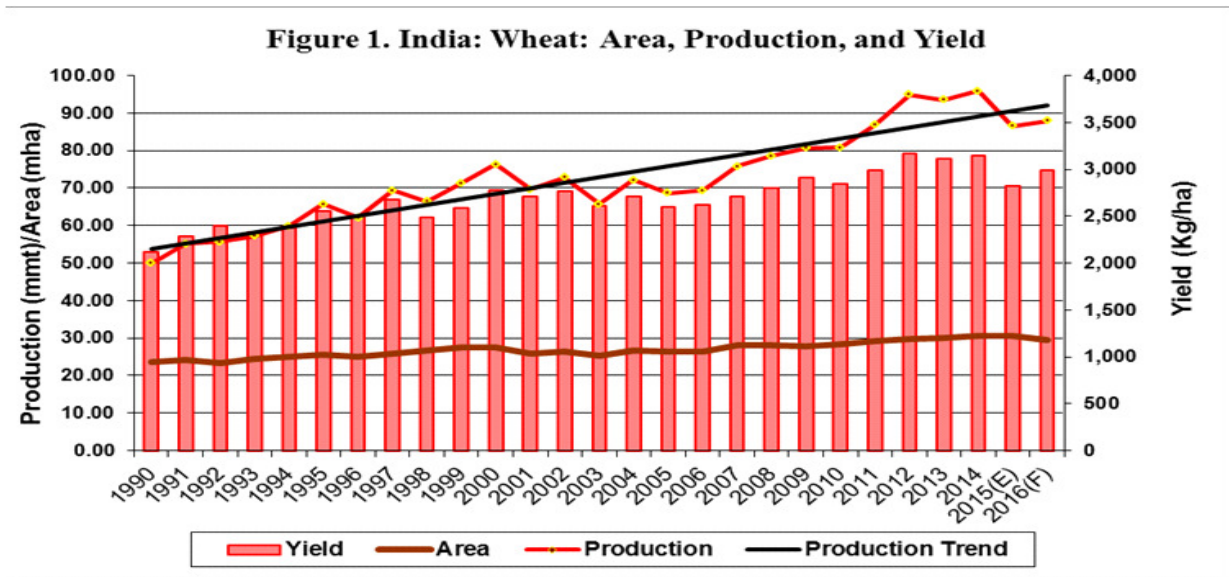
Opportunities and Threat:

The organized milling sector is relatively small with about 1,000 to 1,100 medium to large flourmills in India, with aggregate milling capacity of about 25 MMT, mostly milling maida (flour) and semia to cater to institutional demand, and bye-product bran flakes used as filler in the cattle feed industry. However, the average capacity utilization by these mills is only around 45-50 percent, processing about 12-13 MMT wheat every year.

Wheat for feed use largely caters to demand for dairy feed (unorganized household level) and smaller extent for use as filler in poultry and aquaculture feed. Most of the commercial feed caters to poultry and aquaculture industry, which largely uses corn, oil meals and lower priced coarse grains including small quantity of spoiled/inferior quality wheat. With the average dairy herd size estimated around 2-3 animals per farmer, dairy feed use is typically restricted to lactating animal and made up of some oil cakes, household food waste and small quantity of lower priced grain mixes, including wheat. Some quantity of open market and government-held wheat (mostly spoiled or of inferior quality) is also used for animal feed.

Wheat Production in India:

Source: Ministry of Agriculture, GOI; and FAS/New Delhi (MY 2016/17)



India's wheat production in the last two years has declined below the rising trend line due to adverse weather conditions - untimely rains and hailstorms during harvest in FY 2015/16 and early moisture and temperature stress in FY 2016/17. Wheat area peaked in most wheat growing states by FY 2014/15, and the crop is likely to lose ground to other high value crops (horticultural and plantation crops) and non-agricultural use in future. Irrigated agricultural lands under rice-wheat cropping system are the prime target for high-value agriculture and to satisfy expanding urbanization and industrialization needs. The wheat growing areas in northwest India are also facing the problem of declining water table and soil salinity due to over-exploitation of ground water and unscientific irrigation practices (flood irrigation). Depletion of irrigation water resources is likely to put pressure on area under wheat cultivation in north India in the next few years, forcing farmers to explore less water intensive crops like fruits, vegetables, corn, pulses and oilseeds.

In the last decade, Indian wheat yields have ranged from 2.7 MT/hectare in FY 2007/08 to 3.2 MT/hectare. Wheat yields across major growing states during a given season show large variation depending on irrigation capacity and technology adoption levels. Wheat yields in largely irrigated growing areas of the north (Punjab, Haryana and Western U.P.) are above 4.5 tons per hectare, while yields in central and western states (Gujarat, Madhya Pradesh, Rajasthan, Bihar and most of Uttar Pradesh) are relatively low (1.5-2.8 tons per hectare) due to lack of assured irrigation facilities and low input use.

The National Agriculture Research System (NARS), which includes Indian Council of Agricultural Research (ICAR) institutes and various state agricultural universities (SAUs), focuses on developing new wheat varieties with higher yield potential, resistance to common diseases and better grain qualities, largely through traditional breeding methods. Given that seed production and marketing are largely done by public sector institutions, the new wheat varieties have been slow to be adopted by farmers due to inadequate seed multiplication, distribution and extension facilities. Although Indian researchers acknowledge that biotechnology can be a valuable tool for meeting India's growing food security needs, biotechnology applications in wheat are limited to experimental marker-assisted

breeding for resistance to biotic and abiotic stresses. Indian wheat crop research also focuses on two major future threats - global warming/climate change and the Ug99 rust disease.

Indian wheat crop is vulnerable to changing climatic conditions, particularly the 'earlier-than-normal' rise in temperatures (terminal heat stress) at the grain filling stage (March/April). Of the 30 million hectares under wheat cultivation, researchers estimate that about 10-12 million hectares are prone to terminal heat stress. According to some local research, a one-degree Celsius rise in temperature during the growing season can result in a 3-to-7 percent decrease in grain yields. The NARS is closely researching the potential climate risks to wheat to develop appropriate response mechanisms (like early planting) and technologies (like short duration varieties) to mitigate risks.

Although agricultural scientists claim that the agro-climatic conditions in the major wheat belt of northern India are not conducive to the spread of Ug99, the highly mutative nature of the Ug99 strain could make India's wheat growing belt vulnerable to this rust. Reports suggest that three-fourths of wheat acreage is currently planted to varieties susceptible to the disease. The NARS continuously survey and monitor the wheat crop for various rusts, including Ug99. The NARS has also been screening existing varieties for resistance to Ug99, and encouraging farmers to replace susceptible varieties with Ug99-resistant varieties in the major wheat growing area. In the recent years, the government's aggressive promotion of wheat varieties resistant to Ug99 has led to adoption of these varieties through higher seed replacement, especially ones with higher yield potential.

Financial Performance

Your Company delivered another year of steady performance in the backdrop of sluggishness in the macro-economic environment. In FY 2015-16, the Company achieved a total revenue of Rs. 435 Cr as against Rs. 465 Cr in the previous year. Our EBITDA for the year is Rs. 27.73 Cr as against Rs. 27.78 Cr in the previous year.

(Rupees in Lacs)

| Particulars | Current year 31.03.2016 | Previous year 31.03.2015 |
|---|----------------------------|-----------------------------|
| Sales / Income From Operations | 43274.03 | 46353.20 |
| Other Income | 291.43 | 222.23 |
| Total Income | 43565.46 | 46575.43 |
| Total Expenditure (Before Interest) | 40856.93 | 43548.70 |
| Profit before Interest, Tax and Exceptional Items | 2708.53 | 3026.73 |
| Depreciation & Amortisation | 1887.84 | 1746.33 |
| Operating Margin % | 6.26 % | 6.53 % |
| Profit / (Loss) After Tax | 511.59 | 762.22 |
| Return on Average Capital Employed % (Before Interest and Tax) | 18.07% | 20.38% |
| Current Asset Ratio (Current Assets / Current Liabilities) | 1.07 | 1.03 |
| Borrowings: Equity Ratio (TL / Equity+Reserves) | 1.11 | 1.18 |

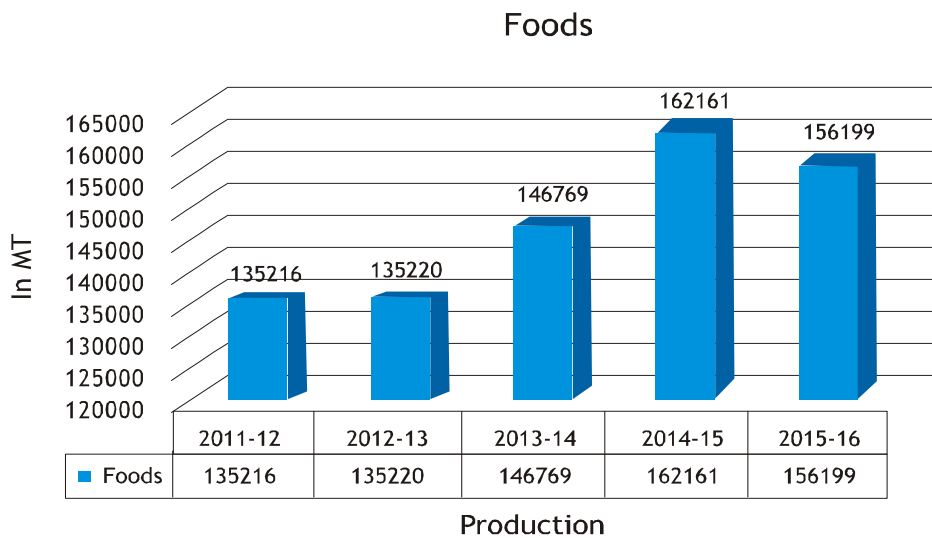
Presently your Company’s debt have been rated by India Rating and Research (formerly known as FITCH India Ratings). During September 2015, your Company financial rating has been ‘BBB’ which is same as previous year. During the year, the Company has serviced all its debt obligation on time.

Segment-wise and Product-wise performance:

The company reports the operation in three reporting segments: Foods, Minerals & Detergents and Energy. The contributions of each reporting segment to Sales, operating profit and identifiable assets are set forth in Note-37 “Segment Reporting” to the Financial Statements.

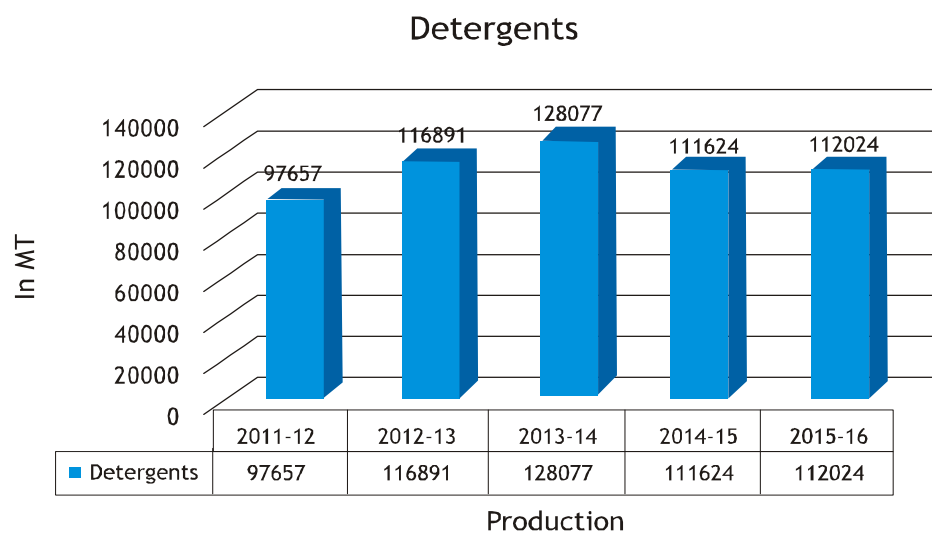
Foods Division:

Production of regular branded foods increased by 9% for FY 2015-16 whereas production for institutions and exports dropped marginally as compared to the previous year.



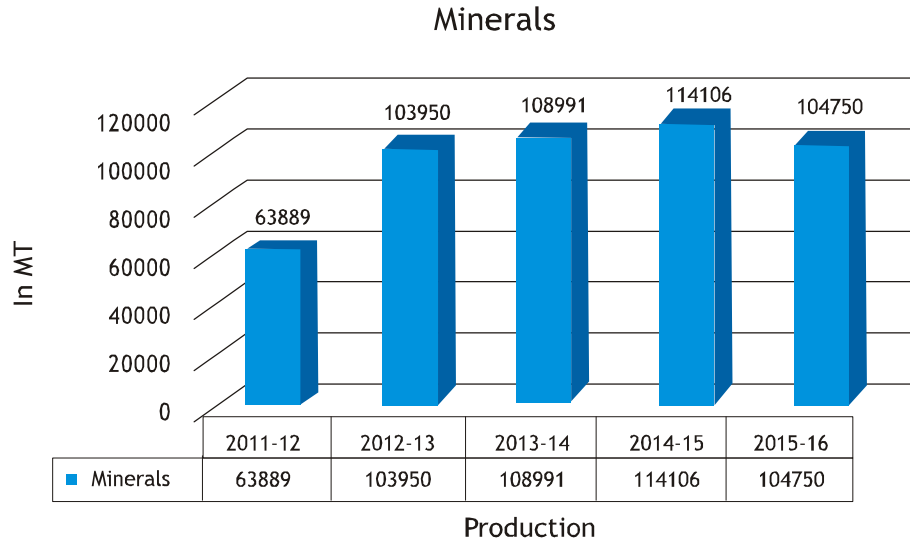
Detergents Division:

The Company is the third largest manufacturer of detergents for M/s Hindustan Unilever Limited. The Production during the FY 2015-16 increased marginally by 0.4% over previous year.



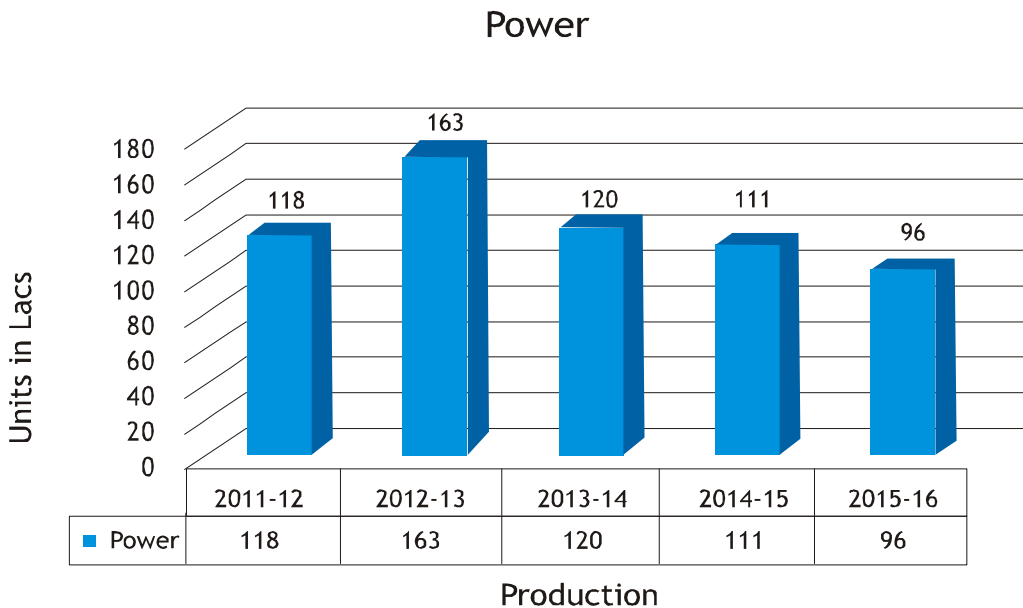
Minerals Division:

Minerals division had a drop of 8% in production during the FY 2015-16 when compared to the previous year.



Energy:

The Energy division has 11 windmills. The units generated during the past five years are given below:



Risk Management:

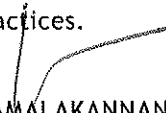
The focus of risk management is to assess risks and deploy mitigation process. The Audit Committee and the Board periodically reviews the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework. Your Company has identified the following risks.

| Key Risk | Impact to Naga Limited | Mitigation Plan |
|--|---|--|
| Commodity Price risk | The prices paid for raw materials used in making our food generally reflect factors such as weather, commodity market fluctuations, tariffs and the effects of government agricultural programs. | Although the prices of raw materials can be expected to fluctuate as a result of these factors, we believe such raw materials to be in adequate supply and generally available from numerous sources. From time to time, we have faced increased costs for many of our significant raw materials, packaging and energy inputs. We seek to mitigate higher input costs through productivity and pricing initiatives |
| Competition Price risk | We experience intense competition for sales of our product in our major markets. Our food items compete with widely advertised, well known, branded food as well as private branded and customized food items. | We compete primarily on the basis of quality, value, customer service, brand recognition and brand loyalty |
| Socio economic risk | Consumers may shift purchases to more generic, lower-priced, or other value offerings which could result in reduction in sales of higher margin products or a shift in our product mix to lower margin offerings adversely affecting the results of our Foods division. | We manufacture primarily to meet requirements of all customers and consumer preferences by adopting market strategies to suit the demand and supply. |
| Interest Rate risk | Our level of debt pose our vulnerability to adverse economic or industry conditions and place us at a competitive disadvantage. | We ensure that the return on the assets is higher than the cost of borrowings. |
| Compliance risk - Increasing regulatory requirements | Many of our facilities and products we make are subject to various laws and regulations relating to the food safety and quality, sanitation, safety and health matters and environmental control. | We believed in complying with such laws and regulations in all material aspects, and the continued compliance with such regulations will not have a material effect upon capital expenditures, earnings or our competitive position |

Internal Control System:

Your company has adequate internal control system, policy and procedures designed to effectively control the operations at its various divisions. The Internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. Internal Auditors conduct periodic audit at all locations and functions based on the plan approved by the Board of Directors and Audit Committee. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors. The Audit committee periodically interacts with Internal Auditors and the Statutory Auditors to seek their views to ensure quality and adequacy of the Internal control systems in the company. All issues raised by them have been suitably acted upon and followed up. The Company continues its efforts to align all its processes and controls with best management practices.

Place : Chennai
Date : 19.05.2016


K.S. KAMALAKANNAN
Chairman & Managing Director



Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2016

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

To
The Members
M/s. Naga Limited

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, 2016, 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, 2016 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') to the extent applicable to the Company viz.:



- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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 Acts, 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.
- (ii) The Listing Agreements entered into by the Company with Madras Stock Exchange and Metropolitan Stock Exchange of India Ltd (mSXI).
- (iii) The Memorandum and Articles of Association of the Company.

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

- (a) Food Safety and Standards Act, 2006 and the rules made thereunder
- (b) Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011
- (c) Food Safety and Standards (Packaging and Labelling) Regulations, 2011
- (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. No changes were took place in the composition of the Board of Directors during the period under review.

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.

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

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

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

- (a) Pursuant to the provisions of Section 203 of the Companies Act, 2013, same individual cannot be appointed as Chairperson and Managing Director at the same time. Mr. K.S. Kamalakannan was acting as Chairperson and Managing Director of the Company till 26.07.2015 and not complied with the above provision. However, the Company has amended its Articles of Association with effect from 27.07.2015 to include the provision relating to appointment of the same individual as Chairperson as well as the Managing Director or Chief Executive Officer of the Company and complied with the provisions of the Act.

We further report that during the audit period:

- (i) The Company has amended its Articles of Association by adoption of new set of Articles as specified under Table 'F' of the Companies Act, 2013 by way of passing special resolution at the Annual General Meeting of the Company held on 27.07.2015.
- (ii) The Company has passed the Board Resolution to make application to Bombay Stock Exchange (BSE) for listing of its securities.
- (iii) The Company has entered into new Listing Agreement with the Metropolitan Stock Exchange of India Limited pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



- (iv) Key Managerial Personnel (CFO) has resigned from the Company with effect from 31.12.2015. The Company is yet to appoint new KMP (CFO) as required under Section 203 of the Companies Act, 2013.
- (v) The Board of Directors of the Company declared Interim Dividend @6% of paid-up share capital out of current profits of the Company.
- (vi) The Company has received Inspection Notice dated 18.01.2016 from the Ministry of Corporate Affairs for inspection of books, records, registers, documents etc., of the Company under Section 206(5) of the Companies Act, 2013.

Place: Chennai
Date : 19.05.2016



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

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

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

APPENDIX-'A'

To
The Members
M/s. Naga Limited
No.1, Anna Pillai Street,
Chennai – 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 : 19.05.2016

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

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

ANNEXURE - C TO THE DIRECTORS' REPORT

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS :

- 1) CIN : L24246TN1991PLC020409
- 2) Registration Date : 01.03.1991
- 3) Name of the Company : NAGA LIMITED
- 4) Category / Sub Category of the Company : Company Limited by Shares / Indian Non-Govt. Company
- 5) Address of the Register Office and Contact details : No.1, Anna Pillai Street, Chennai - 600 001.
Ph/Fax : 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., "Subramanian Building" No.1, Club House Road, Chennai - 02.
Ph : 044 - 28460390
Fax : 044 - 28460129
E-mail : cameo@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1 | Manufacturing of Wheat Products. | 99611112 | 82.91 % |
| 2 | Manufacturing of high quality Detergents powder and Bar. | 99884260 | 8.50 % |
| 3 | Minerals : Grinding of calcite, dolomite, china clay, feldspar, limestone and other minerals. | 99611991 | 7.23 % |
| 4 | Wind & Solar Power. | 99833243 | 1.36 % |

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 | U40103TN2003PTC051006 | Associate | 26.00 % | 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 31.03.2015] | | | | No. of Shares held at the end of the year [As on 31.03.2016] | | | | % 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 | 357690 | - | 357690 | 2.51% | 357690 | - | 357690 | 2.51% | - |
| (g) Total shareholding of promoter (A) | 10642335 | - | 10642335 | 74.69% | 10642335 | - | 10642335 | 74.69% | - |



| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31.03.2015] | | | | No. of Shares held at the end of the year [As on 31.03.2016] | | | | % Change during the year |
|-----------------------------------|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| (a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| (b) Banks / FI | - | - | - | - | - | - | - | - | - |
| (c) Central Govt. | - | - | - | - | - | - | - | - | - |
| (d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| (e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| (g) FIs | - | - | - | - | - | - | - | - | - |
| (h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (g) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non - Institutions | | | | | | | | | |
| (a) Body Corporates | | | | | | | | | |
| (i) Indian | 2521815 | - | 2521815 | 17.70% | 2523700 | - | 2523700 | 17.71% | 0.01% |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |



| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31.03.2015] | | | | No. of Shares held at the end of the year [As on 31.03.2016] | | | | % 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. | 25260 | 94600 | 119860 | 0.84% | 27260 | 90715 | 117975 | 0.83% | (0.01%) |
| (ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lac. | 963850 | - | 963850 | 6.76% | 963750 | - | 963750 | 6.76% | (0.001%) |
| (c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | - | - | - | - | - | - | - |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 130 | - | 130 | 0.001% | 230 | - | 230 | 0.001% | 0.001% |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| HUF | - | 10 | 10 | 0.0001% | - | 10 | 10 | - | - |
| Sub-Total (B)(2) | 3511055 | 94610 | 3605665 | 25.31% | 3514940 | 90725 | 3605665 | 25.31% | - |
| Total Public Shareholding (B=B(1)+B(2)) | 3511055 | 94610 | 3605665 | 25.31% | 3514940 | 90725 | 3605665 | 25.31% | - |



| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31.03.2015] | | | | No. of Shares held at the end of the year [As on 31.03.2016] | | | | % 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) | 14153390 | 94610 | 14248000 | 100.00% | 14157275 | 105800 | 14248000 | 100.00% | - |

(ii) Shareholding of Promoters :

| S. No | Shareholder's Name | Shareholding at the beginning of the year [As on 31.03.2015] | | | Shareholding at the end of the year [As on 31.03.2016] | | | % 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 | 7.19% | - | 1024000 | 7.19% | - | - |
| 7. | Naga Marine Industries Ltd., | 444500 | 3.12% | - | 444500 | 3.12% | - | - |
| 8. | Lakshmi Vijay Anand | 357680 | 2.51% | - | 357680 | 2.51% | - | - |
| 9. | M. Jayalalitha | - | 0.0001% | - | 10 | 0.0001% | - | - |
| 10. | Total | 10642335 | 74.69% | - | 10642335 | 74.69% | - | - |



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

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

| Sl. No. | Name of the Shareholders | Shareholding at the beginning of the year as on 1.4.2015 | | Change in Shareholding during the year | | Shareholding at the end of the year as on 31.3.2016 | |
|---------|---------------------------------------|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | 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 | 1171090 | 8.22% | 1885 | 0.01% | 1172975 | 8.23% |
| 3 | Manoharan. A | 593960 | 4.17% | - | - | 593960 | 4.17% |
| 4 | Sathiyamoorthy. L | 289540 | 2.03% | - | - | 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 | 15200 | 0.11% | - | - | 15200 | 0.11% |
| 8 | Rabia Ahmed Khatri | 18000 | 0.13% | - | - | 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, 2016. The Company is listed and 99.36% 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 1.4.2015 | | Change in Shareholding during the year | | Shareholding at the end of the year as on 31.3.2016 | |
|---------|--------------------------|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | L.A.Irudayaraj (INED) | 400 | 0.003% | - | - | 400 | 0.003% |
| 2 | V. Marikannan (KMP) | 10 | 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 | 8693.43 | 1512.30 | - | 10205.73 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 8693.43 | 1512.30 | - | 10205.73 |
| Change in Indebtedness at the end of the financial year | | | | |
| . Addition | 2372.36 | 349.20 | - | 2721.56 |
| . Reduction | 2957.34 | - | - | 2957.34 |
| . Transfer (Secure to Unsecure) | (1071.86) | 1071.86 | - | - |
| Net Change | (1656.84) | 1421.06 | - | (235.78) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 7036.59 | 2933.36 | - | 9969.95 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 7036.59 | 2933.36 | - | 9969.95 |

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 | Souder Kannan, WTD | |
| 1. | Gross Salary | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | 60.00 | 39.00 | 36.00 | 135.00 |
| | 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 | 5.12 | 5.12 | 5.11 | 15.35 |
| | -as % of profit | - | - | - | - |
| | -others, specify ... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | Total (A) | 65.12 | 44.12 | 41.11 | 150.35 |

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 | 70,000 | 50,000 | 50,000 | 1,70,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | 70,000 | 50,000 | 50,000 | 1,70,000 |
| 2. | Other Non-Executive Directors | | | | |
| | Fee for attending board committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (B) = (1 + 2) | 70,000 | 50,000 | 50,000 | 1,70,000 |


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. | - | 6.5 | 14 | 20.50 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961. | - | 0.25 | 1.75 | 2.00 |
| | 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 | - | 6.75 | 15.75 | 22.50 |

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) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|------------------------------------|
| A. COMPANY | | | NIL | | |
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | NIL | | |
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | NIL | | |
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |

For NAGA LIMITED

 Chairman Curn Managing Director


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:

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2016 which were not at arm's length basis.

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 | 01.04.2015 to 31.03.2016 | 01.04.2015 to 31.03.2016 |
| e) | Salient terms of contracts or arrangements or transactions | 1. Purchase of Limestone and Dolomite by Naga Ltd., 2. Processing charges paid by M.M.Detergents -Company Pvt. Ltd., to Naga Ltd., 3. Lease charges paid for Taurus Tipper and Hyundai to Naga Ltd., 4. Sale of Taurus Tipper and Hyundai to Naga Ltd., | Purchase of Windmill Energy |
| f) | Justification for entering into such contracts or arrangements or transactions | In the ordinary course of business | In the ordinary course of business |
| g) | Date of approval by the Board | 28.05.2015 & 19.05.2016 | 28.05.2015 |
| h) | Amount incurred during the year (Rs. in Lacs) | 1. Purchase of Limestone and Dolomite by Naga Ltd., Rs.926.12 lacs 2. Processing charges paid by M.M.Detergents -Company Pvt. Ltd., to Naga Ltd.,Rs.7.48 lacs 3. Lease charges paid for Taurus Tipper and Hyundai Rs.14.57 lacs 4. Sale of Taurus Tipper and Hyundai to Naga Ltd Rs. 29.77 lacs. | Rs. 8.35 Lacs |



| S.No. | Particulars | Details | |
|-------|--|--|--|
| a) | Name(s) of the related party | Naga Marine Industries Limited | Naga Mills Limited |
| b) | Nature of relationship | Two of the directors are interested | Three of the director is interested |
| c) | Nature of contracts / arrangements / transactions | By Agreement | By Agreement |
| d) | Duration of contracts / arrangements / transactions | 01.04.2015 to 31.03.2016 | 01.04.2015 to 31.03.2016 |
| e) | Salient terms of contracts or arrangements or transactions | Lease of Godown to Naga Ltd., | Lease of office from Naga Ltd., |
| f) | Justification for entering into such contracts or arrangements or transactions | In the ordinary course of business | In the ordinary course of business |
| g) | Date of approval by the Board | 23.01.2016 | 23.01.2016 |
| h) | Amount incurred during the year (Rs. in Lacs) | Lease of Godown to Naga Ltd., Rs. 7.15 Lacs | Lease of office from Naga Ltd., Rs. 0.34 Lacs |

| S.No. | Particulars | Details | | |
|-------|--|---|---|---|
| a) | Name(s) of the related party | K.S.Kamalakkan/HUF | Mageswari Kannan | Sounder Kannan |
| b) | Nature of relationship | Director | Director | Director |
| c) | Nature of contracts / arrangements / transaction | By Agreement | By Agreement | By Agreement |
| d) | Duration of the contracts / arrangements / transaction | 1.4.2015 to 31.3.2016 | 1.4.2015 to 31.3.2016 | 1.4.2015 to 31.3.2016 |
| e) | Salient terms of the contracts or arrangements or transaction | 1. Interest payment for unsecured loan given to Naga Ltd., 2. Charges paid towards lease of cars. 3. Lease of Office to Naga Limited 4. Sale of vehicle to Naga Limited | 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 or arrangements or 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 | 28.05.2015 & 19.05.2016 | 28.05.2015 | 28.05.2015 |
| h) | Amount incurred during the year (Rs. in Lacs) | 1. Interest Paid for unsecured loans Rs. 212.96 lacs 2. Lease charges paid for Innova car and Hitachi Rs. 12.28 lacs 3. Lease of office Rs. 0.34 lacs. 4. Sale of Innova Car and Hitachi to Naga Limited, Rs. 20.24 lacs | Interest Paid for unsecured loans Rs. 16.08 Lacs. | 1. Interest Paid for unsecured loans Rs. 3.63 Lacs. 2. House Rent - Rs. 8.21 Lacs. |



| S.No. | | Particulars | | | | Details | | | |
|-------|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|--|--|
| a) | Name(s) of the related party | Sri. D. VijayAnand | Smt.LakshmiVijayAnand | Smt..Monaa Kannan | Ms. M. Jayalalitha | 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 the contracts / arrangements / transactions | Service Agreement | Service Agreement | Service Agreement | Service Agreement | Service Agreement | | | |
| f) | Justification for entering into such contracts / arrangements of 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 | 19.05.2016 / 01.08.2014 | | | |
| h) | Amount incurred during the year (Rs. In Lacs) | Remuneration Rs. 29.5 lacs p.a. | Remuneration Rs. 18 lacs | Remuneration Rs. 18 lacs p.a. | Remuneration Rs. 18 lacs p.a. | Remuneration Rs. 11.15 lacs p.a. | | | |

Place : Chennai

Date : 19.05.2016

K.S. KAMALAKANNAN

Chairman & Managing Director



Annexure - E TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Naga Limited's ('The Company') approach towards Corporate Social Responsibility (CSR) is to focus during the financial year on promoting rural sports, providing books for the benefit of rural under privileged students, provide scholarship to very weak economic background student and providing food towards natural calamities affected people.

A brief outline of the company's Corporate Social Responsibility (CSR), guiding Principles and the programs proposed to be undertaken.

- Ø The CSR Committee decided to spend amount under imparting life skill education programme to the youth in helping them to empower towards excellence for proactive performance.
- Ø Promoting Nationally Recognised Sports by way of contribution.
- Ø Providing Scholarship to academically merit oriented Student with very weak economic background student.
- Ø Eradicating extreme Hunger.

The policy on Corporate Social Responsibility is available on the Company website www.nagamills.com.

Below is a summary of the programs which are being implemented:

1. Contribution to promoting Nationally Recognised Sports:

A sum of Rs.5 lakhs (Rupees five lakhs only) contributed to M/s. ISHA OUTREACH, a Registered Trust, Coimbatore for the purpose of promoting Nationally Recognised Sports.

2. Contribution to provide Scholarship very weak economic background student:

A sum of Rs.65,750/- (Rupees Sixty Five Thousands Seven Hundred and fifty only) contributed to provide scholarship for Ms. P. Narmatha, B.Com., and who is pursuing M.B.A now, by way of college fees for the two years for studying MBA at M/s.Vijay Institute of Management.She hails from a family with very weak economic background.

3. Spend relating to Chennai Flood Relief Project:

The Chennai people were affected by the recent heavy floods caused by heavy rain in Chennai, inundating vast slum areas, throwing the normal life out of gear and washing away the household goods in the huts occupied by the down trodden, resulting in loss of lives and property in an immeasurable manner.

Our Company arranged camps at Cuddalore and Chennai by providing breakfast, lunch and dinner for about 3500 affected people per day through our Company's and local volunteers, at the cost of to Rs.12,90,912/- (Rupees Twelve Lakhs Ninety Thousand Nine Hundred and Twelve only) from 3rd December, 2015 to 12th December, 2015. which amount, to say the least, will be the barest affordable spend on the part of the Company, and this activity is covered in the CSR spend and in Schedule VII of the Companies Act, 2013.

4. Providing Skill Development Books:

A contribution of Rs. 50,000/- towards providing books for the benefit of rural under-privileged students studying in Govt, Corporation, Municipal aided Schools and Govt College, the focused objective of

imparting life skill education programme to the youth in helping them to empower towards excellence for proactive performance and to become responsible citizens

5. To initiate Skill Development Program (Parotta Master School)

Your Company has a proposal to initiate skill development program (Parotta Master School) for under privileged people to make their life to afford their daily needs.

To implement the above CSR activities, we have started the above training schools in the name of Naga Limited Skill Development Centre at No.15, Kuppusamy Street, Ullagharam, Chennai-600091 on 2nd May, 2016 and Dindigul will be later. The above training classes in 3 batches at Chennai and Dindigul will cost the company a total amount of Rs.10 Lacs for 3 months to Skill Development Programs during the Financial year 2016-17.

Composition of the Corporate Social Responsibility Committee:

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

Average net profit before tax of the Company for the last three financial years: Rs.4214.67 Lacs

Prescribed CSR expenditure (2% of the amount as above): Rs.28.10 Lacs

Details of CSR spent during the financial year 2015-16 :

- (a) CSR amount brought forward : Rs. 26.91 Lacs
- (b) Total amount to be spent for the financial year 2015-16 : Rs. 28.10 Lacs
- (c) Amount spent for the financial year 2015-16 : Rs. 19.07 Lacs
- (d) Amount unspent , if any : Rs. 35.94 Lacs
- (e) Reason for unspent the balance amount :

Only during the fag end of the year, the company had identified skill development project i.e. Parotta Master School to be conducted in batches during the Financial year 2016-2017 at an estimated cost of Rs.28 lakhs, thus leaving a minimal balance of Rs.8 lakhs which will be spent on emergent situations and on sudden development and identification of a project.

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



| S. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local are or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (Budget) project or programs wise (Rs.in lacs) | Amount spent on the projects or programs sub heads : (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto reporting period (Rs.in lacs) | Amount spent Director through implementing agency |
|--------|---|--|--|--|---|---|--|
| 1 | Imparting training and promoting rural sports, nationally recognized sports, paralympic sports and Olympic sports. | Promoting sports | Coimbatore | 5.00 | Nil | 5.00 | Implementing agencies: Isha Outreach (Registered Trust Coimbatore) |
| 2 | Providing Scholarship for studying higher study (M.B.A) to very weak economic background Student Ms.P.Narmatha, Dindigul. | Education | Dindigul | 1.20 | Nil | 0.66 | Direct |
| 3 | Chennai Flood Relief Project | Eradicating extreme Hunger | Cuddalore and Chennai | 12.91 | Nil | 12.91 | Direct |
| 4 | Providing Skill developing books for the benefit of rural under privileged students studying in Govt, Corporation, Municipal aided Schools and Govt College | Education | Madurai | 0.50 | Nil | 0.50 | Nikhil Foundation (Registered Trust Madurai) |
| | Total | | | 19.61 | | 19.07 | |

Responsibility Statement:

We hereby declare that the implementation and monitoring of the CSR policy is in compliance with CSR objectivities and policy of the Company.

Date : 19.05.2016
Place : Chennai

Mageswari Kannan
Joint Managing Director

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dr. K.Venkatachalam
Chairman - CSR Committee



ANNEXURE - F TO THE DIRECTORS' REPORT

RATIO OF THE REMUNERATION OF DIRECTORS

[pursuant to Section 197(12) read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

(i). Ratio of remuneration of each director to the median remuneration of the employees of the company for the year 2015-2016 and

(ii). The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year.

| Sr. No. | Name of Director / KMP and Designation | Remuneration of Director / KMP for Financial Year | Percentage increase in Remuneration for the Financial Year 2015-16 | Ratio of Remuneration of each Director / KMP to the Median Remuneration of Employees |
|---------|--|---|--|--|
| 1. | Sri. K.S. Kamalakannan Chairman and Managing Director | 60 | - | 35 |
| 2. | Smt. Mageswari Kannan Joint Managing Director | 39 | - | 23 |
| 3. | Sri. Sounder Kannan Whole-Time Director | 36 | - | 21 |
| 4. | Sri. L.A. Irudayaraj Non-Executive and Independent Director (only sitting fees is paid during the year) | 0.50 | - | 0.29 |
| 5. | Dr. K. Venkatachalam Non-Executive and Independent Director (only sitting fees is paid during the year) | 0.50 | - | 0.29 |
| 6. | Sri. S. Ramesh Non-Executive and Independent Director (only sitting fees is paid during the year) | 0.70 | - | 0.41 |
| 7. | Sri. R. Anand Chief Financial Officer (Appointed as on 01.06.2015 & resigned as on 31.12.2015) | 14 | - | 8 |
| 8. | V. Marikannan Company Secretary | 6.5 | 18% | 4 |

(iii). The Median Remuneration of Employees of the Company is Rs.1,70,000/-for the Financial Year 2015-16. The percentage increase in the median of remuneration of employees in the Financial year 2015-16 is 10%.

(iv). The number of permanent employees on the rolls of the Company is 542 for the year ended March 31, 2016.

(v). Turnover and other income for the year ended March 31, 2016 decreased by 6.46% and the Company has earned a net profit after tax of Rs.512 Lacs, as against a sum of Rs.762 Lacs during the previous year. Average increase in employees' remuneration was 7%. Overall increase in remuneration is in line with the performance of the Company and the prevailing trends in the industrial sector.

(vi). The remuneration of the Key Managerial Personnel (KMP) of the Company and the percentage increase in the remuneration of KMP during 2015-16 is as given in (i) and (ii) above. The performance of the Company is as stated in (v) above.

(vii). The Market Capitalization as on March 31, 2016 was Rs.7836.40 Lacs as compared to Rs. 7480.20 Lacs as on March 31, 2015. Price Earning Ratio of the Company is Rs.15.32 as on March 31, 2016 as against Rs.9.81 as on March 31, 2015. Percentage increase in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer is 550%.

(viii). Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year was 7%. The percentage increase in salary of managerial staff was 15%. The increase in remuneration is determined based on the performance by the employees of the Company and the prevailing trends in the industrial sector.

(ix) The remuneration of each of the Key Managerial Personnel is given in (i) and (ii) above. The performance of the Company, in comparison, is stated in (v) above.

(x) The key parameters of variable component of remuneration availed by the Whole-time Directors are the Company's performance and performance / track record of the Whole-time Directors, financial results and profitability of the Company. The key parameters of variable component of remuneration to Non-Executive Directors is not applicable.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable.

(xii) We affirm that the remuneration paid is as per the remuneration policy of the Company.

Place : Chennai
Date : 19.05.2016


K.S. KAMALAKANNAN
Chairman & Managing Director



**ANNEXURE - G TO THE DIRECTORS' REPORT
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE
EARNINGS AND OUTGO**

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

A) Conservation of energy :

- (i) the steps taken or impact on conservation of energy : Energy conservation continues to receive priority attention at all levels.
- (ii) the steps taken by the company for utilising alternate sources of energy; : 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 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.1,254.57 Lacs

For NAGA LIMITED

[Signature]
Chairman Cum Managing Director



REPORT ON CORPORATE GOVERNANCE

Pursuant to Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance is given below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance even before they were mandated by the legislation. Transparency, integrity, professionalism and accountability - based values form the basis of the Company's philosophy for Corporate Governance. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations. Your company has fulfilled all the existing guidelines prescribed by the Securities and Exchange Board of India (SEBI) in chapter IV read with schedule V of SEBI(Listing Obligations and Disclosure requirements) Regulations, 2015.

2. BOARD OF DIRECTORS

i) Composition of the Board of Directors as on 31st March, 2016

The strength of Board as on 31st March, 2016 is Six Directors. The Board comprises of Executive and Non-Executive Directors. The Chairman and Managing Director, Joint Managing Director and a Whole-time Director are the Three Promoters and Executive Directors. There are three Independent Directors. The Board also consists of one Woman Executive Director. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 | 4 | NIL | NIL |
| Smt. Mageswarikannan | 01.08.1998 | PED | 4 | 3 | NIL |
| Sri. Sounderkannan | 08.03.2006 | PED | 2 | 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 |

ii) **No. of Board Meetings held:**

During the financial year ended 31st March, 2016, Eight Board meetings were held on 22.04.2015, 28.05.2015, 27.07.2015, 28.10.2015, 14.01.2016, 23.01.2016, 23.02.2016, and 11.03.2016

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

| Name of Director | No.of Board Meetings attended | Attendance at last AGM held on 27.07.2015 | Remarks |
|----------------------|-------------------------------|---|---------|
| Sri. K.S.Kamalakaran | 8 | Yes | Nil |
| Smt. Mageswarikannan | 8 | Yes | Nil |
| Sri. Sounderkannan | 7 | Yes | Nil |
| Sri. L.A.Irudayaraj | 4 | Yes | Nil |
| Sri. S. Ramesh | 6 | Yes | Nil |
| Dr. K. Venkatachalam | 5 | Yes | Nil |

Every Director currently on the Board of the Company has personally attended at least one Board / Committee of Directors' Meeting in the financial year 2015-16.

The Independent Directors of the Company have submitted a declaration under Section 149(7) of the Act that each of them meet the criteria of Independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

The number of directorships and the positions held on Board Committees by the directors are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations as on 31st March, 2016.

In terms of Schedule V(C)(2)(e) and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Directors are related to each other, in case of PED category.

Disclosure of Shareholding of Non-Executive Directors and Independent Directors:

| Name of the Director | Shares held as on 31.3.2016 |
|----------------------|-----------------------------|
| Sri. L.A.Irudayaraj | 400 |
| Sri. S. Ramesh | Nil |
| Dr. K. Venkatachalam | Nil |

Familiarization programmes for Board Members:

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize 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>.

Code of Conduct for Board of Directors and Senior Management

The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of Senior Management. The Code has also been posted on the Company's website at www.nagamills.com. All Board members and senior management have confirmed compliance with the Code for the year ended 31st March, 2016. The Annual Report contains a declaration to this effect signed by the Chairman and Managing Director who is the Chief Executive Officer.

3. AUDIT COMMITTEE

i) Terms of Reference:

The Audit Committee acts in accordance with the terms of reference specified by the Board which includes the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance and effectiveness of the audit process, examination of the financial statements and the auditor's report thereon, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, evaluation of internal financial controls and risk management systems and related matters.

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

| Name of the Member | Category | Attendance at the Audit Committee Meetings held on | | | | |
|----------------------------------|--|--|------------|------------|------------|------------|
| | | 28.05.2015 | 27.07.2015 | 28.10.2015 | 23.01.2016 | 26.03.2016 |
| 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 except 26.03.2016. The CMD & CEOs, the Internal Auditor and the Chief Executives of 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 24th AGM held on 27.07.2015.

4. 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 Regulation 19 of the SEBI LODR, 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 |
|----------------------------------|--------------------------------------|------------------------------------|
| | | 28.05.2015 |
| Sri. L.A. Irudayaraj Chairman | Chairman and Independent Director | ✓ |
| Sri. S. Ramesh | Independent Director | ✓ |
| Dr. K. Venkatachalam | Independent Director | X |

iv) INDEPENDENT DIRECTORS

The Company has complied with the definition of Independence as per Regulation 16(b) of the SEBI LODR 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.

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 :

During the year, a meeting of Independent Directors was held on 23rd January, 2016. 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;
- 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.

5. REMUNERATION TO DIRECTORS:

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.

i. 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.

ii. Remuneration to Independent Directors

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 per day for meetings 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.

iii 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, SEBI LODR, 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 retrial 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.

iv. 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.

V. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of the SEBI LODR, 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 as "Annexure C" of Directors Report.

Notes on Directors seeking appointment/re-appointment as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sri. Sounder Kannan, B.E. (Mechanical) is a Whole-time Director of the Company with effect from 27th March, 2014.

Sri. Sounder Kannan holds 817855 equity shares in the Company.

Sri. Sounder Kannan is not a director or member of the committee of the board of any other listed entity.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

In our Company, the Stakeholders' Grievance Committee is known by the name of Stakeholders' Relationship Committee.

(i) The Committee consists of 1 Independent Director and 2 Executive Directors. The Members of the Stakeholders' Relationship Committee are Sri. S. Ramesh, Chairman, Non-executive and Independent Director, Smt. Mageswari Kannan, JMD/Executive Director and Sri. Sounder Kannan, WTD/ Executive Director. Sri. S.Ramesh, Chairman of the Committee was present at the Annual General Meeting.

(ii) 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.

(iii) A summary of various complaints received and cleared by the Company during the year is given below:

| Nature of Complaint | Received | Cleared |
|-----------------------------------|----------|---------|
| Non-receipt of Dividend Warrant | 18 | 18 |
| Non-receipt of Share Certificates | 5 | 5 |
| Miscellaneous | 0 | 0 |

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

(v) The Committee considers and resolves the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.

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.

7. 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 4 meeting i.e. on 27.7.2015, 28.10.2015, 23.1.2016 and 11.3.2016.

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

| Name of the Member | Category | Attendance at the CSR Committee Meetings held on | | | |
|-----------------------------------|--------------------------------------|--|------------|------------|------------|
| | | 27.07.2015 | 28.10.2015 | 23.01.2016 | 11.03.2016 |
| Dr. K. Venkatachalam, Chairman | Chairman and Independent Director | ✓ | ✓ | ✓ | ✓ |
| Smt. Mageswari Kannan | Joint Managing Director | ✓ | ✓ | ✓ | ✓ |
| Sri. Sounder Kannan | Whole Time Director | ✓ | ✓ | ✓ | ✓ |

8. General Body Meetings :

| Year | Date | Time | Venue | Special Resolutions Passed |
|---------|------------|-----------|-----------------------|-------------------------------|
| 2012-13 | 02.08.2013 | 10.30 A.M | Presidency Club, | No |
| 2013-14 | 03.08.2014 | 10.45 A.M | No.51, Ethiraj Salai, | Yes |
| 2014-15 | 27.07.2015 | 10.00 A.M | Egmore, Chennai-8 | Yes |

i) Special resolutions passed in the previous three AGMs:

Financial Year 2012-13 - Nil.

Financial Year 2013-14

1. Re-appointment of Sri K.S.Kamalakannan, 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 |

Financial Year 2014-15

1. To approve the remuneration of the Cost Auditor for the Financial year ending 31st March, 2016.

2. To amend the Articles of Association of the Company.

| 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 | 14050315 | 14050315 | 98.61 % | 0 |
| Resolution 2 | 14050315 | 14050315 | 98.61 % | 0 |

iii) No Postal Ballot was conducted last year.

iv) No Special Resolution is proposed to be conducted through Postal Ballot.

v) Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

9. MEANS OF COMMUNICATION:

i) Quarterly Results:

The quarterly results are published in accordance with the requirements of the Listing Agreement of the Metropolitan Stock Exchange Limited, Mumbai.

ii) Newspaper in which results are normally published:

The Quarterly Un-audited Results and the Annual Audited Financial results of the company are sent to the stock exchanges immediately after they are approved by the Board and are also published in one vernacular news paper viz. “ Malai Sudar ” and one English news paper viz. “ Business Standard”.

iii) Any website, where displayed : www.nagamills.com

(iv) Whether it also displays official news releases; and presentation made to institutional investors or to the analysts:

Relevant information is displayed on the website.

As the financial results of the Company are published in the Newspapers and press release issued in newspapers and also displayed on the Company's website, a separately half yearly declaration of financial performance is not sent to each household of shareholders.

10. GENERAL SHAREHOLDER INFORMATION:

i) AGM Date, Time and Venue:

September 12, 2016 05.00 P.M. at the Presidency Club, 51, Ethiraj Salai, Egmore, Chennai - 600 008.

ii) Financial Calendar

| | | |
|---|---|----------------------------|
| Unaudited results for the quarter ending June 30, 2016 | - | 1st week of August, 2016 |
| Unaudited results for the quarter / half year ending September 30, 2016 | - | 2nd week of November, 2016 |
| Unaudited results for the quarter ending December 31, 2016 | - | 2nd week of February, 2017 |
| Audited results for the year ending March 31, 2017 | - | Before end of May, 2017 |

iii) Book Closure:

The register of Members and share Transfer books of the company shall remain closed from September 06, 2016 to September 12, 2016 (both days inclusive) for A.G.M & payment of dividend.

iv) Dividend Payment Date:

Dividend will be paid within 30 days of the approval of the same in the 25th Annual General Meeting.

v) Listing in stock exchange

The Company's Equity Shares are listed on the Metropolitan Stock Exchange Limited (MSEI). The annual listing fees of the MSEI have been paid.

vi) Stock Code:

| Name of the stock Exchanges | Stock Code No. |
|--|------------------------------|
| Metropolitan Stock Exchange Limited, Mumbai (formerly known as MCX Stock Exchange Limited) | Symbol : NAGA Series : EQ |

Demat - ISIN Number for NSDL & CDSL: INE327M01014

vii) Market Price Data:

High/Low of Market price of Company's equity shares traded on the MSEI. During the financial year ended on March 31, 2016 was as follows:

| Month | High | Low |
|-------------------|------|-----|
| April 2015 | 55 | 55 |
| May to March 2016 | - | - |

viii) The securities of the Company have never been suspended from trading.

ix). Share Transfers Agents:

M/s. Cameo Corporate Services Ltd.

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

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

x) Share Transfer System:

After consideration by the Share Transfer Committee, the Share Transfers in physical form are registered and returned within a period of 15 days from the date of receipt in case the documents are complete in all respects. The particulars of movement of shares in the dematerialized mode are also placed before the Share Transfer Committee.

xi) Distribution of shareholding as on March 31, 2016:

| Shares | Shares or Debentures holding | | | |
|-------------------|------------------------------|------------|----------------------|------------|
| | No.of Shareholders | % of total | No.of Shares holding | % of total |
| 1 - 100 | 516 | 77.01 | 10595 | 0.07 |
| 101 - 500 | 83 | 12.50 | 26355 | 0.18 |
| 501 - 1000 | 17 | 2.56 | 14500 | 0.10 |
| 1001 - 2000 | 21 | 3.16 | 30525 | 0.21 |
| 2001 - 3000 | 4 | 0.60 | 9750 | 0.06 |
| 3001 - 4000 | 4 | 0.60 | 13500 | 0.09 |
| 4001 - 5000 | - | - | - | - |
| 5001 - 10000 | 2 | 0.30 | 13000 | 0.09 |
| 10001 - and above | 17 | 2.56 | 14129775 | 99.17 |
| Total | 664 | 100.00 | 14248000 | 100.00 |

xii) Share Holding Pattern:

| Sl.No. | Category | No. of Shares | % Shares |
|--------|----------------------------------|-----------------|---------------|
| 1 | A) Promoters | 8816145 | 61.88 |
| 2 | Corporate Body - Promoters Group | 1468500 | 10.31 |
| 3 | Directors/relative | 358090 | 2.51 |
| | B) Public: | | |
| 4 | Corporate Body | 2523700 | 17.71 |
| 5 | Clearing Member | 230 | 0.002 |
| 6 | Resident | 1081335 | 7.59 |
| | Total (A+B) | 14248000 | 100.00 |

xiii) Dematerialization of Shares:

| Mode of Holding | No. of Holders | Percentage of No. of Holders | No. of Shares | Percentage of No. of Holders |
|-----------------|----------------|------------------------------|---------------|------------------------------|
| Physical | 625 | 94.13 | 90725 | 0.64 |
| NSDL | 34 | 5.12 | 14152295 | 99.32 |
| CDSL | 5 | 0.75 | 4980 | 0.03 |
| Total | 664 | 100 | 14248000 | 100 |

xiv) Commodity price risk or foreign exchange risk and hedging activities:

The Company being a sizable user of commodities, exposes it to the price risk on account of procurement of commodities. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations.

xv) Outstanding GDR's/ADR's/Warrant's/ Convertible instruments and their impact on equity : Not issued.

- xvi) Units & Locations :**
- i) No.1, Trichy Road, Dindigul - 624 005.
 - ii) No.133, Trichy Road, Dindigul - 624 005.
 - iii) No.1, Modern Nagar, Karur Road, Dindigul - 624 005.
 - iv) No.9, Trichy Road, Dindigul - 624 005.
 - v) No.1, Oddanchatram Road, Vedasandur-624 710.

xvii) Redressal of Investor Grievances through SEBI complaints Redress System (SCORES):

SCORES is a web based centralized grievance redressal system of SEBI that enables the investors to lodge, follow up and track the status of redressal of complaints online. The investor complaints are processed in a centralized web based complaints redressal system. The Company is registered with SEBI Complaints Redress System (SCORES) and ensures to file Action Taken Report under SCORES well within the prescribed timeframe.

xviii) Address for correspondence:

M/s. Cameo Corporate Services Ltd,
Subramanian Buildings, No.1, Club House Road, Anna Salai, Chennai - 600 002.

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

Naga Limited, No.1, Anna Pillai Street, Chennai - 600 001
Tele/fax 044-25363535, email: marikannanv@nagamills.com
E-mail ID for Investor Grievances:
marikannanv@nagamills.com

9. DISCLOSURE

i) Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations during the financial year were in the ordinary course of business and on arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with the related parties during the financial year that may have potential conflict with the interests of the Company at large.

Related party transactions have been disclosed in Note 34 to the financial statements. A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for its review. Omnibus approval was obtained for transactions which were repetitive in nature. Transactions entered into pursuant to omnibus approval were placed before the Audit Committee for its review during the year. The Company has a Related Party Transaction Policy in place, which has been posted on the website of the Company at www.nagamills.com/Investor.

ii) Non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges, or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Nil.

iii) Vigil mechanism and Whistle Blower Policy:

The Company has a Whistle blower Policy in place. The internal auditors of the Company have been provided with a separate e-mail address. They are also stationed at the Head Office of the Company as the Company has provided the auditors with a separate office. Any employee of the organization can contact the auditor on the mail or personally. The Company's portal provides a very effective means for the employees to communicate freely with the Managing Director. The Company's employees can also directly meet the Managing Director and express their grievances/concerns. There are safeguards to ensure that all employee concerns receive due consideration. The Whistle Blower Policy of the Company has been posted on the website of the Company, under the web link www.nagamills.com.

The Code of Conduct for the Board of Directors and Senior Management states that Directors and Senior Managers of the Company shall endeavour to promote ethical behaviour and to provide an opportunity to employees to report violation of laws, rules, regulations or codes of conduct and policy directives adopted by the Company to the appropriate personnel without fear of retaliation of any kind for reports made by the employees in good faith. No personnel has been denied access to the Audit Committee.

iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause. Details of any non-compliance of any requirement of corporate governance report:

All the mandatory requirements have been complied with as stated in this report on Corporate Governance. There is no non-compliance with any requirement of corporate governance report of sub-paras (2) to (10) of the Corporate Governance report as given in Schedule V(C) of the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), have been made in this Corporate Governance report. Details required under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the said Regulations are displayed on the website of the Company at www.nagamills.com.

The non-mandatory requirements as stipulated in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations have been adopted to the extent and in the manner as stated under the appropriate headings in the Report on Corporate Governance.

v) Material Subsidiaries: The Company does not have a material subsidiary as defined under Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations. The Policy for determining material subsidiaries is posted on the website of the Company at www.nagamills.com/Investors.

vi) Disclosure of commodity price risks and commodity hedging activities:

This has been discussed under point no 9 (xiv) of this Corporate Governance Report.

vii) CEO/CFO Certification:

A certification from the CMD/CEO and JMD/CFO as specified in Part B of Schedule II in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations was placed before the Board Meeting held on 19th May, 2016 to approve the Audited Annual Accounts for the year ended 31st March, 2016. The certificate is attached forming part of this Report on Corporate Governance.

viii) Risk Management: The Company has a Risk Management Framework in place, the details of which are provided in the Board's report.

ix) Unclaimed Dividend:

Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividend for the year ended 31st March, 2008 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Tamilnadu, Chennai, by submitting an application in Form No. II to the aforesaid authority.

Pursuant to Section 205A read with 205C of the Companies Act, 1956, unclaimed dividends for the year ended 31st March, 2009 have been transferred to the Investor Education and Protection Fund.

Shareholders are requested to encash their dividend warrants immediately on receipt as dividends remaining unclaimed for seven years are to be transferred to the Investor Education and Protection Fund.

Disclosure with respect to demat suspense account/unclaimed suspense account as required under Schedule 5(F) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| | Particulars | No.of Shareholders | No.of Equity Shares |
|----|---|--------------------|----------------------------------|
| a) | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2015. | 22 | 7225 equity shares of Rs.10 each |
| b) | Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year. | 5 | 1650 equity shares of Rs.10 each |
| c) | Number of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year. | Nil | Nil |
| d) | Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2016. | 17 | 5575 equity shares of Rs.10 each |

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

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

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

xi) Details of compliance with Mandatory requirements and adoption of non mandatory requirements

During the financial year 2015-16, the Company has complied with all mandatory requirements as specified in the SEBI Listing Regulations. The Company has adopted the below specified non-mandatory requirements in terms of Regulation 27(1) of SEBI Listing Regulations :

1. Modified Opinion in Audit Report

During the year under review, there was no audit qualification in the Auditor's Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

2. Separate posts of Chairman and Chief Executive Officer

The Company has an Executive Chairman acting as the Chairman & Managing Director (CEO) as allowed by the Company's articles of association and hence not appointed a separate person as the Chief Executive Officer of the Company.

3. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

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

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

Place : Chennai
Date : 19.05.2016

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS


K.S. KAMALAKANNAN
Chairman & Managing Director

DECLARATION

As required under Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2016.

Place : Chennai
Date : 19.05.2016

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS


K.S. KAMALAKANNAN
Chairman & Managing Director



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

TO THE MEMBERS OF NAGA LIMITED

We have examined the compliance of conditions of corporate governance by Naga Limited ("the Company") for the year ended on 31 March 2016 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchanges.

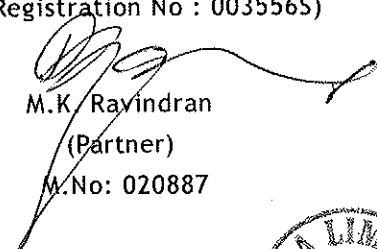
The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchanges.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai
Date : 19.05.2016

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


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



ANNEXURE TO REPORT ON CORPORATE GOVERNANCE

CERTIFICATION BY CMD/CEO & JMD/CFO TO THE BOARD

We, K.S. Kamalakannan, Chairman and Managing Director/Chief Executive Officer and Mageswari Kannan, Joint Managing Director/Chief Financial Officer of Naga Limited certify that:

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

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

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

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

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

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

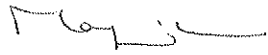
(i) that there are no significant changes in internal control over financial reporting during the year;

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

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

Place : Chennai
Date : 19.05.2016


K.S. KAMALAKANNAN
CEO/CMD


MAGESWARI KANNAN
CFO/JMD



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

Firm Regn. No. 003556 S



New No. 5, Old No. 3,
South Boag Road, T.Nagar,
Chennai - 600 017.
☎ : 2434 1189 Fax : 42641189
E-mail : sdandco@hotmail.com

Independent Auditors' Report

To the members of Naga Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of Naga Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

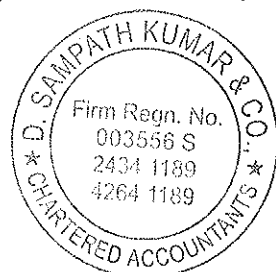
The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of 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 ("the Rules"). This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Standalone financial statements based on our audit.

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 provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 Section 143 of the Act. Those Standards 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 misstatement.





An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

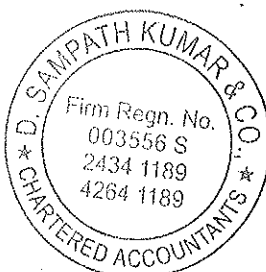
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, 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(Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in exercise of powers conferred by sub-section 11 of Section 143 of the Act, we enclose in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section (3) of Section 143 of the Act, we report that:

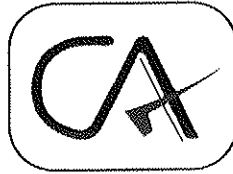
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of 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, the aforesaid standalone financial statements comply with the 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, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

Firm Regn. No. 003556 S




New No. 5, Old No. 3,
South Boag Road, T.Nagar,
Chennai - 600 017.
☎ : 2434 1189 Fax : 42641189
E-mail : sdandco@hotmail.com

f) With respect to adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.

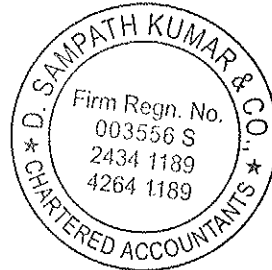
g) With respect to the other matters to be included in the Independent Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 36 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 03556S)



M K Rayindran (Partner)
Membership No.020887
Place : Chennai
Date : 19th May, 2016



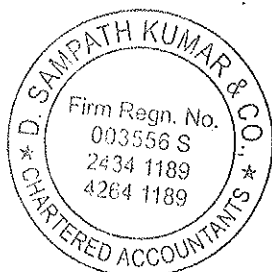


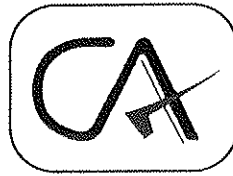
Annexure A to Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the financial statements of the company for the year ended March 31, 2016)

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

- i) In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 11 to the financial statements, are held in the name of the Company.
- 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) As per the information and explanations given to us, no material discrepancies were noticed on physical verification.
- iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made during the year.
- v) The Company has not accepted any deposit from the public. Accordingly paragraph 3(v) of the Order is not applicable to the Company.
- vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of Cost Records under sub-section 1 of Section 148 of the Act and are of opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examinations of the record.

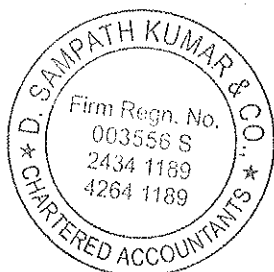




vii) In respect of statutory dues:

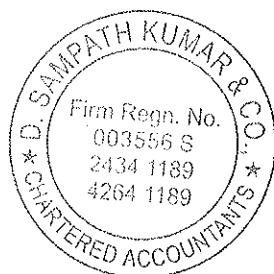
- a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
- c) 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, 2016 on account of disputes are given below:

| Sr.No. | Name of the Statute | Nature of Dues | Amount (Rs.in Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|--------|--|-----------------------------|----------------------|------------------------------------|--|
| 1 | The Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 | Electricity Tax | 19.83 | 2012-13 | Hon'ble Supreme Court of India |
| 2 | The Electricity Act 2003 | Windmill banking adjustment | 12.09 | 2009-10 | Hon'ble High Court of Chennai, Madurai Bench |





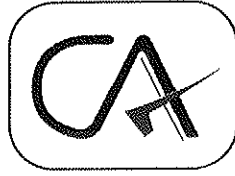
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks or financial institutions. The Company does not have any loans or borrowings from the government and has not issued any debentures.
- ix) The Company has not raised monies by way of initial public offer or further public offer(including debt instruments). The term loans were used for the purposes for which those were raised.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) In our opinion and according to the information and explanations given to us the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions the Sections 197 read with Schedule V to the Act.
- xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard [AS] 18, Related Party Disclosure as specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

Firm Regn. No. 003556 S

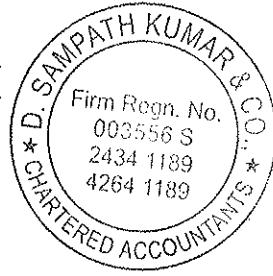


New No. 5, Old No. 3,
South Boag Road, T.Nagar,
Chennai - 600 017.
☎ : 2434 1189 Fax : 42641189
E-mail : sdandco@hotmail.com

xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi) of the Order is not applicable to the Company.

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 03556S)

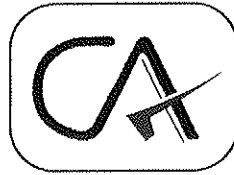
M K Ravindran (Partner)
Membership No.020887
Place : Chennai
Date : 19th May, 2016



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

Firm Regn. No. 003556 S



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Annexure B to Independent Auditors' Report of even date on the Standalone financial statements of Naga Limited

(Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **Naga Limited**, ('the company') as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

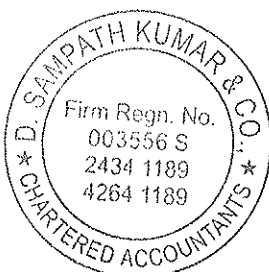
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('the 'Guidance Note') These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and deduction of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and Guidance Note required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over the financial reporting, included obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

Firm Regn. No. 003556 S



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Meaning of Internal Financial Controls over Financial Reporting.

A Company's internal financial control over financial reporting is a process design to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with the authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

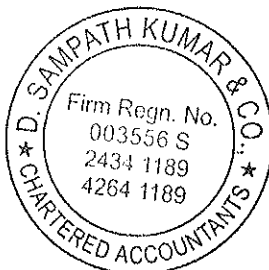
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 03556S)

M K Ravindran (Partner)
Membership No.020887
Place : Chennai
Date / 19th May, 2016



NAGA LIMITED
Balance Sheet as at 31st March, 2016

(Rupees in Lacs)

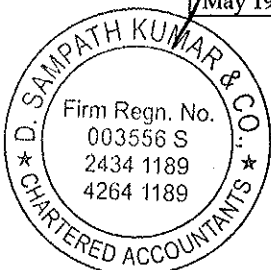
| PARTICULARS | Note No | As at Mar 31, 2016 | As at Mar 31, 2015 |
|--|---------|-----------------------|-----------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share capital | 2 | 1424.80 | 1424.80 |
| (b) Reserves and surplus | 3 | 5749.00 | 5374.61 |
| (2) Share application money pending allotment | | - | - |
| (3) Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 7951.93 | 8055.35 |
| (b) Deferred tax liabilities (Net) | 5 | 691.53 | 641.53 |
| (c) Other long term liabilities | 6 | 105.47 | 97.98 |
| (4) Current liabilities | | | |
| (a) Short-term borrowings | 7 | 5259.64 | 4262.29 |
| (b) Trade payables | 8 | 1048.98 | 1382.63 |
| (c) Other current liabilities | 9 | 2470.35 | 2621.68 |
| (d) Short-term provisions | 10 | 38.30 | 140.83 |
| TOTAL | | 24740.00 | 24001.70 |
| II. ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 11 | 13975.82 | 14539.58 |
| (ii) Intangibles | 11 | - | 12.09 |
| (iii) Capital work-in-progress | 11 | 627.46 | 387.63 |
| (b) Non-current investments | 12 | 62.62 | 64.15 |
| (c) Long-term loans and advances | 13 | 645.29 | 375.95 |
| (d) Other non-current assets | 14 | 0.21 | 0.21 |
| (2) Current Assets | | | |
| (a) Inventories | 15 | 5341.96 | 4581.89 |
| (b) Trade receivables | 16 | 2714.65 | 2349.47 |
| (c) Cash and cash equivalents | 17 | 954.55 | 700.71 |
| (d) Short-term loans and advances | 18 | 326.31 | 826.45 |
| (e) Other current assets | 19 | 91.13 | 163.57 |
| TOTAL | | 24740.00 | 24001.70 |

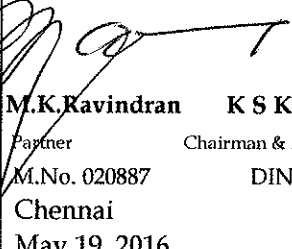


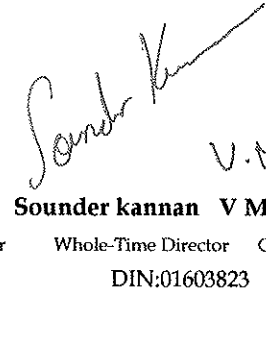
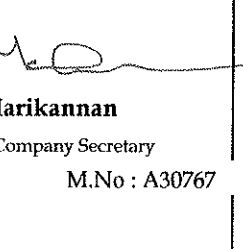
Significant Accounting Policies & Notes on Financial Statements 1 to 39

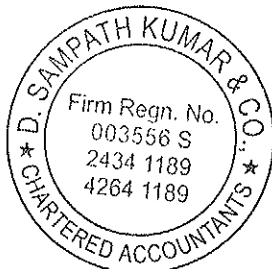
As per our report of even date
for D. Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 003556S)

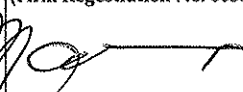

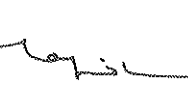

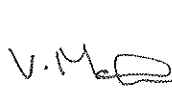
For and behalf of the Board

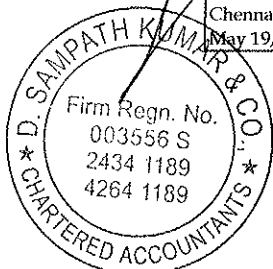

M.K. Ravindran **K S Kamalakannan** **Mageswari Kannan** **Sounder kannan** **V Marikannan**
 Partner Chairman & Managing Director Joint Managing Director Whole-Time Director Company Secretary
 M.No. 020887 DIN: 01601589 DIN: 02107556 DIN: 01603823 M.No : A30767
 Chennai
 May 19, 2016



| NAGA LIMITED | | | |
|--|---|--|---|
| Statement of Profit and Loss for the year ended 31st March 2016 | | | |
| (Rupees in Lacs) | | | |
| PARTICULARS | Note No. | 2015-16 | 2014-15 |
| INCOME | | | |
| I. Revenue from operations | 20 | 43274.03 | 46353.20 |
| II. Other income | 21 | 291.43 | 222.23 |
| III. Total Revenue (I + II) | | 43565.46 | 46575.43 |
| IV. Expenses: | | | |
| Cost of materials consumed | 22 | 27429.20 | 32861.31 |
| Purchases of stock-in-trade | 23 | 4561.82 | 2441.08 |
| Changes in inventories of finished goods, work-in-progress and stock-in-Trade | 24 | 91.25 | -161.41 |
| Employee benefits expense | 25 | 2159.72 | 2019.59 |
| Finance costs | 26 | 1822.59 | 1995.02 |
| Depreciation and amortization expense | 11 | 1887.84 | 1746.33 |
| Other expenses | 27 | 4727.10 | 4641.80 |
| Total Expenses | | 42679.52 | 45543.72 |
| V Profit Before Tax | | 885.94 | 1031.71 |
| VI Tax Expenses: | | | |
| (1) Current Tax | | 324.35 | 219.49 |
| (2) Deferred Tax | | 50.00 | 50.00 |
| VII Profit for the Year | | 511.59 | 762.22 |
| VIII Earnings per equity share of face value of Rs.10 each | | | |
| Basic & Diluted (Rs.) | | 3.59 | 5.35 |
| Significant Accounting Policies & Notes on Financial Statements 1 to 39 | | | |
| As per our report of even date | | For and behalf of the Board | |
| For D Sampathkumar & Co., Chartered Accountants (Firm Registration No. 003556S) | | | |
|  M.K. Ravindran Partner M.No. 020887 Chennai May 19, 2016 |  K S Kamalakannan Chairman & Managing Director DIN: 01601589 |  Mageswari Kannan Joint Managing Director DIN: 02107556 |  Sounder kannan Whole-Time Director DIN: 01603823 |
| | |  V Marikannan Company Secretary M.No : A30767 | |



| NAGA LIMITED | | |
|--|---|---|
| CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016 | | |
| Particulars | Rs. In Lacs | |
| | 2015-16 | 2014-15 |
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 885.94 | 1031.71 |
| Adjustment for: | | |
| Depreciation & Amortization of Expenses | 1,887.84 | 1,746.33 |
| Bad Debts w/off | 0.19 | - |
| Interest Income | (60.02) | (34.87) |
| Dividend Income | (0.08) | (0.18) |
| Interest Expenses | 1,822.59 | 1,995.02 |
| (Profit)/Loss on Sale of Investments | (1.49) | - |
| (Profit)/Loss on Sale of Assets (Net) | 0.18 | 8.55 |
| | 3,649.21 | 3714.85 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 4,535.15 | 4746.56 |
| Adjustment for: | | |
| Income Tax | (254.04) | (304.66) |
| Trade and Other receivables | 136.22 | 59.12 |
| Inventories | (760.07) | 1,711.42 |
| Trade Payables & Other Payables | (344.10) | 239.59 |
| | (1,221.99) | 1705.47 |
| Net Cash from Operating Activities | 3,313.16 | 6452.03 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments made for fixed assets | (1,552.39) | (1,675.61) |
| Changes in non-current assets | (269.34) | (50.74) |
| Proceeds from sale of Long Term Investments | 3.75 | 0.10 |
| Payments made for Long Term Investments | (0.73) | - |
| Dividend Income | 0.08 | 0.18 |
| Proceeds from Sale/Deletion of Fixed Assets | 0.38 | 4.25 |
| | (1,818.25) | (1721.82) |
| Net Cash from Investing Activities | 1,494.91 | 4730.21 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Income | 60.02 | 34.87 |
| Interest Expenses | (1,822.59) | (1,995.02) |
| Proceeds Net of Repayment of Borrowings | 761.57 | (2,442.96) |
| Dividend Paid (Including dividend distribution tax) | (240.07) | (100.02) |
| | (1241.07) | (4503.13) |
| Net Cash from Financing Activities | 253.84 | 227.08 |
| (D) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| | 253.84 | 227.08 |
| Cash and Cash equivalents at the beginning of the period | 700.71 | 473.63 |
| Cash and Cash equivalents at the end of the period | 954.55 | 700.71 |
| | 253.84 | 227.08 |
| Significant Accounting Policies & Notes on Financial Statements 1 to 39 | | |
| As per our Report of even date | | |
| For D Sampathkumar & Co | | For and on behalf of the Board |
| Chartered Accountants | | |
| (Firm Registration No. 003556S) | | |
|  |  |  |
|  |  | |
| M.K. Ravindran Partner M.No. 020887 Chennai May 19, 2016 | K S Kamalakannan Chairman & Managing Director DIN: 01601589 | Mageswari Kannan Joint Managing Director DIN: 02107556 |
| | Sounder kannan Whole-Time Director DIN: 01603823 | V Marikannan Company Secretary M.No : A30767 |



Notes on Financial Statements for the year ended 31st March, 2016

NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES:

Corporate Information :

Naga Limited is a Public Limited Company incorporated in 1991 as “Naga Oil Mills Company Limited” under Companies Act 1956 with Registration No. 18-20409. In April 1998, the Company changed its name to Naga Limited.

Its Shares are listed on Metropolitan Stock Exchange Limited (MSEI), Mumbai. The Registered Office of the Company is situated at Chennai and its corporate office at Dindigul, Tamil Nadu.

The Company is engaged in manufacturing of Wheat Products, Minerals, Detergents and in Power Generation.

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 Companies 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 revenue 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

Notes on Financial Statements for the year ended 31st March, 2016

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 Straight Line Method in respect of other Divisions. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

f. Impairment of Assets:

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

Notes on Financial Statements for the year ended 31st March, 2016

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 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.

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in lacs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

NOTE - 2 : SHARE CAPITAL

AUTHORISED SHARE CAPITAL :

| | | |
|--|----------|----------|
| 2,75,00,000 (PY 2,75,00,000) Equity Shares of Rs 10/- each | 2,750.00 | 2,750.00 |
|--|----------|----------|

ISSUED, SUBSCRIBED & FULLY PAID UP:

| | | |
|---|----------|----------|
| 1,42,48,000 (PY 1,42,48,000) Equity Shares of Rs10/- each | 1,424.80 | 1,424.80 |
|---|----------|----------|

(Of the above shares 98,01,000 Equity Shares were allotted pursuant to scheme of amalgamation for consideration other than cash)

Reconciliation of the number of shares :

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|------------------|------------------|
| 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 |

Rights attached to Equity Shares :

The Company has issued only one class of equity shares having par value of Rs.10 per share. Each holder of the equity shares is entitled to one vote per share and ranks pari passu. The Equity Shareholders are entitled to receive dividends as and when declared. In the event of liquidation, the equity shareholders are entitled to receive the realised value of assets of the Company remaining after payment of all preferential dues in proportion to their shareholdings.

Notes on Financial Statements for the year ended 31st March, 2016

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|-------------|---------------------------------------|---------------------------------------|
|-------------|---------------------------------------|---------------------------------------|

Details of shareholders holding more than 5% shares.

| NAME OF SHAREHOLDERS | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|--|------------------------------------|--------------|------------------------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Sri. K.S. Kamalakannan | 6070570 | 42.61 | 6070570 | 42.61 |
| Smt. Mageswari Kannan | 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., | 1172975 | 8.23 | 1171090 | 8.22 |
| M/s. M.M.Detergents Company (P) Ltd., | 1024000 | 7.18 | 1024000 | 7.18 |
| Sri. Sounder Kannan | 817855 | 5.74 | 817855 | 5.74 |

Shares issued in preceding five years:

The Company had issued and allotted during the year 2011-12, 10,47,000 Equity Shares of Rs. 10 each at premium of Rs. 13 Per Share Preferential basis aggregating to equity share capital of Rs. 1,04,70,000 and share premium of Rs. 1,36,11,000.

NOTE - 3 : RESERVES & SURPLUS

(Rs. in Lacs)

CAPITAL RESERVE

| | | | |
|---------------------------|-----------|-------|-------|
| As per Last Balance Sheet | Total - A | 10.82 | 10.82 |
|---------------------------|-----------|-------|-------|

SECURITIES PREMIUM RESERVE

| | | | |
|---------------------------|--|--------|--------|
| As per Last Balance Sheet | | 136.11 | 136.11 |
|---------------------------|--|--------|--------|

| | | | |
|--|-----------|--------|--------|
| | Total - B | 136.11 | 136.11 |
|--|-----------|--------|--------|

GENERAL RESERVE

| | | | |
|---------------------------|--|--------|--------|
| As per Last Balance Sheet | | 208.18 | 187.18 |
|---------------------------|--|--------|--------|

| | | | |
|--|--|-------|-------|
| Add : Transfer from Profit & Loss Account | | 21.00 | 21.00 |
|--|--|-------|-------|

| | | | |
|--|-----------|--------|--------|
| | Total - C | 229.18 | 208.18 |
|--|-----------|--------|--------|

**SURPLUS IN STATEMENT OF
PROFIT & LOSS :**

| | | | |
|---------------------------|--|----------|----------|
| As per Last Balance Sheet | | 5,019.50 | 4,426.60 |
|---------------------------|--|----------|----------|

| | | | |
|---------------------------|--|--------|--------|
| Add : Profit for the Year | | 511.59 | 762.22 |
|---------------------------|--|--------|--------|

| | | | |
|--|--|----------|----------|
| | | 5,531.09 | 5,188.82 |
|--|--|----------|----------|

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|---|---------------------------------------|---------------------------------------|
| Less : Appropriations | | |
| Adjustment to Fixed Assets | - | 10.49 |
| Transfer to General Reserve | 21.00 | 21.00 |
| Dividend and Distribution Tax : | | |
| Interim Dividend on Equity Shares (per share Rs. 0.60) | 85.48 | - |
| Proposed Final Dividend on Equity Shares [Per share Rs. 0.20 (PY Rs.0.80 per share)] | 28.50 | 113.98 |
| Tax on Equity Dividend | 23.22 | 23.85 |
| Total - D | <u>5,372.89</u> | <u>5,019.50</u> |
| Total - A+B+C+D | <u><u>5,749.00</u></u> | <u><u>5,374.61</u></u> |

NOTE - 4 : LONG TERM BORROWINGS

SECURED

| | | |
|---|-----------------|-----------------|
| Term Loans from Banks | 5,104.53 | 6,543.05 |
| Term Loans from Financial Institutions and Others | 14.90 | - |
| Total - A | <u>5,119.43</u> | <u>6,543.05</u> |

UNSECURED

| | | |
|---|------------------------|------------------------|
| Term Loans from Banks | 971.00 | - |
| Term Loans from Financial Institutions and Others | - | - |
| Loans and Advances from Related Parties (See Note 34) | 1,861.50 | 1,512.30 |
| Total - B | <u>2,832.50</u> | <u>1,512.30</u> |
| Total - A+B | <u><u>7,951.93</u></u> | <u><u>8,055.35</u></u> |

Security & Other terms of loans

Term loan from The Axis Bank amounting to Rs. 3367.07 lacs outstanding as at 31.03.2016 (previous year Rs. 3866.77 lacs) is primarily secured on hypothecation of the assets purchased under the loan and collaterally secured by equitable mortgage on land and buildings located at Food Division, Minerals and Detergents Division located at Dindigul District.

Term loan from The Standard Chartered Bank amounting to Rs. 602.94 lacs outstanding as at 31.03.2016 (previous year Rs. 1206.01 lacs) is primarily secured on hypothecation of the assets purchased under the loan and collaterally secured by equitable mortgage on land measuring 4.01 acres at Vedasandur. External commercial borrowings is fully hedged.

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|-------------|---------------------------------------|---------------------------------------|
|-------------|---------------------------------------|---------------------------------------|

Term loan from The ICICI Bank Limited amounting to Rs. 34.26 lacs outstanding as at 31.03.2016 (previous year Rs. 46.65 lacs) is primarily secured by hypothecation of the assets purchased under vehicle loan.

Term loan from The HDFC Bank Limited amounting to Rs. 1071.86 lacs outstanding as at 31.03.2016 (Previous year Rs. 1870.40 lacs) is primarily secured on the personal assets of some of the Directors.

Term loan from The Tata Capital Financial Service Limited amounting to Rs. Nil outstanding as at 31.03.2016 (Previous year Rs. 2.59 lacs).

Term loan from The Karur Vysya Bank limited amounting to Rs. 975 lacs outstanding as at 31.03.2016 (Previous year Rs. 1275 lacs) is primarily secured by equitable mortgage on Agri Godown located at Dindigul.

Term loan from The Canara Bank amounting to Rs. 320.97 lacs outstanding as at 31.03.2016 (Previous year Rs. 426.02 lacs) is primarily secured by hypothecation on the assets purchased under the loan and collaterally secured on the personal assets of some of the Directors.

Term loan from The State Bank of India amounting to Rs. 1711.53 lacs outstanding as at 31.03.2016 (Previous year Rs. Nil) is primarily secured on equitable mortgage of the assets of the Company located at Trichy.

Term loan from Daimler Benz amounting to Rs. 24.82 lacs outstanding as at 31.03.2016 (Previous year Rs. Nil) is primarily secured by hypothecation on the assets purchased under vehicle loan.

Note :

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

NOTE - 5 : DEFERRED TAX LIABILITIES (NET)

| | | |
|---|---------------|---------------|
| Opening Balance | 641.53 | 596.93 |
| Related to Fixed Assets and other timing difference | 50.00 | 44.60 |
| | <u>691.53</u> | <u>641.53</u> |

NOTE - 6 : OTHER LONG TERM LIABILITIES

| | | |
|------------------------------------|---------------|--------------|
| Payable in respect of fixed assets | 7.00 | 7.00 |
| Rental and lease advances | 98.47 | 90.98 |
| | <u>105.47</u> | <u>97.98</u> |

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|---|---------------------------------------|---------------------------------------|
| NOTE - 7 : SHORT TERM BORROWINGS | | |
| Loans repayable on demand | | |
| Secured | | |
| From Banks | 4,759.64 | 3,762.29 |
| (Secured by pari passu charge on inventories & Trade Receivables) | | |
| Un Secured | | |
| From Banks | 500.00 | 500.00 |
| (Secured on personal guarantee of some of the Directors of the Company) | | |
| | 5,259.64 | 4,262.29 |
| | 5,259.64 | 4,262.29 |
| NOTE - 8 : TRADE PAYABLES | | |
| Trade Payables | 1,048.98 | 1,382.63 |
| | 1,048.98 | 1,382.63 |
| | 1,048.98 | 1,382.63 |
| <p>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.</p> | | |
| NOTE - 9 : OTHER CURRENT LIABILITIES | | |
| Current Maturities of Long Term Debts | 2,018.02 | 2,150.38 |
| Advances Received for Supply of Goods | 66.58 | 107.32 |
| Balances in Current Account with Banks | 82.43 | 59.91 |
| Expenses Payable | 303.32 | 304.07 |
| | 2,470.35 | 2,621.68 |
| | 2,470.35 | 2,621.68 |
| NOTE - 10 : SHORT TERM PROVISIONS | | |
| Provision for Superannuation / | | |
| Gratuity / Leave Encashment | 4.00 | 3.00 |
| Proposed Equity Dividend (See Note 3) | 28.50 | 113.98 |
| Tax on Proposed Equity Dividend (See Note 3) | 5.80 | 23.85 |
| | 38.30 | 140.83 |
| | 38.30 | 140.83 |

| NOTE - 11 : FIXED ASSETS | | | | | | | | | | | | (Rs. in Lacs.) | |
|----------------------------------|---------------------|-----------|----------------------------------|-----------------------------|---------------------|-----------|----------------------------------|---------------------|---------------------|--|--|----------------|--|
| Description | Gross Value | | | Depreciation / Amortisation | | | | Net Block | | | | | |
| | As at 01.04.2015 | Additions | Deductions / Adjust- ments | As at 31.03.2016 | As at 01.04.2015 | Additions | Deductions / Adjust- ments | As at 31.03.2016 | As at 31.03.2015 | | | | |
| 1 Tangible Assets | | | | | | | | | | | | | |
| a Land (Refer Note : C.bv) | 859.05 | 105.06 | 38.26 | 925.85 | - | - | - | 925.85 | 859.05 | | | | |
| b Buildings | 3,303.31 | 415.69 | - | 3,719.00 | 1,231.37 | 147.43 | - | 2,340.20 | 2,071.94 | | | | |
| c Plant & Equipment | 12,988.94 | 600.50 | - | 13,589.44 | 5,794.50 | 1,219.56 | - | 6,575.38 | 7,194.44 | | | | |
| d Electrical Installation | 1,488.66 | 4.14 | - | 1,492.80 | 632.07 | 160.86 | - | 699.87 | 856.59 | | | | |
| e Furniture & Fixtures | 49.82 | 0.34 | - | 50.16 | 33.62 | 2.03 | - | 14.51 | 16.20 | | | | |
| f Vehicles | 843.85 | 60.92 | 8.80 | 895.97 | 467.24 | 82.55 | 8.36 | 354.54 | 376.61 | | | | |
| g Computers and Other Equipments | 589.74 | 164.17 | 2.47 | 751.44 | 410.74 | 87.18 | 2.34 | 255.86 | 179.00 | | | | |
| h Windmill / Solar | 4,647.56 | - | - | 4,647.56 | 1,661.81 | 176.16 | - | 2,809.61 | 2,985.75 | | | | |
| Total (A) | 24,770.93 | 1,350.82 | 49.53 | 26,072.22 | 10,231.35 | 1,875.75 | 10.70 | 13,975.82 | 14,539.58 | | | | |
| 2 Intangible Assets | | | | | | | | | | | | | |
| Goodwill (B) | 110.33 | - | - | 110.33 | 98.24 | 12.09 | - | - | 12.09 | | | | |
| Total A+B | 24,881.26 | 1,350.82 | 49.53 | 26,182.55 | 10,329.59 | 1,887.84 | 10.70 | 13,975.82 | 14,551.67 | | | | |
| Previous years | 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 | | | | |
| Capital Work in progress | | | | | | | | 627.46 | 387.63 | | | | |

Note : a. The company has applied the estimated useful lives as specified in Schedule II

b. Capital work in progress include the cost of fixed assets that are not yet ready for their intended use at the reporting date.

c. Addition and deletion two land include exchange of land between the Company and third party to the tune of Rs. 38.26 lacs.

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|---|---------------------------------------|---------------------------------------|
| NOTE - 12 : NON CURRENT INVESTMENTS | | |
| (Long Term Investments) | | |
| (Valued at Cost less other than temporary diminution in value, if any) | | |
| TRADE INVESTMENTS | | |
| In Equity Shares - Unquoted, fully paid up | | |
| Kerala Solvent Extract Ltd., (500 shares of Rs.10 each) | 0.05 | 0.05 |
| TCP Limited (470 shares of Rs.100 each) | 0.47 | - |
| Investments in Associate Companies :- | | |
| Annai Power Pvt. Ltd., (10,400 shares of Rs.100 each) | 10.40 | 10.40 |
| Total A | 10.92 | 10.45 |
| OTHER INVESTMENTS (QUOTED) - fully paid up | | |
| Indian Overseas Bank (480 shares of Rs.10 each) | 0.05 | 0.05 |
| Vijaya Bank (1500 shares of Rs.10 each) | 0.15 | 0.15 |
| Reliance Equity Advantage Fund (515000 units of Rs.10 each) | 51.50 | 53.50 |
| Total B | 51.70 | 53.70 |
| Total A+B | 62.62 | 64.15 |
| <hr/> | | |
| Aggregate amount of Quoted investments | | |
| - Cost | 51.70 | 53.70 |
| - Market Value | 52.12 | 53.83 |
| Aggregate amount of Unquoted investments | 13.93 | 13.05 |
| Aggregate provision for diminution other than temporary in value of investments | - | - |
| <hr/> | | |
| NOTE - 13 : LONG TERM LOANS AND ADVANCES | | |
| (Unsecured and considered good) | | |
| Capital Advances | 289.34 | 97.97 |
| Security Deposits | 276.60 | 216.70 |
| Rental Advances and statutory deposits | 79.35 | 61.28 |
| | 645.29 | 375.95 |
| (Advances given to the companies in which directors are interested Rs. Nil (P Y Rs. Nil)) | | |
| <hr/> | | |
| NOTE - 14 : OTHER NON CURRENT ASSETS | | |
| Deferred Trade Receivables | 0.21 | 0.21 |
| | 0.21 | 0.21 |
| <hr/> | | |
| NOTE - 15 : INVENTORIES | | |
| (At lower of cost and realisable value) | | |
| Raw Materials | 4,275.55 | 3,629.30 |
| Finished Goods & Stock in Process | 447.15 | 538.40 |
| Stores and Spares | 400.35 | 291.74 |
| Packing Materials | 218.91 | 122.45 |
| | 5,341.96 | 4,581.89 |

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 16 : TRADE RECEIVABLES | | |
| (Unsecured and considered good) | | |
| Over Six Months from the date they were due for payment | 132.95 | 148.69 |
| Less than six months | 2,581.70 | 2,200.78 |
| | 2,714.65 | 2,349.47 |
| (Due by Directors / Officers of the Company or due by private companies/firms in which directors are interested as directors / members / partners is Nil (PY Nil)) | | |
| NOTE - 17 : CASH AND CASH EQUIVALENTS | | |
| (a) Balances with Bank in current account | 229.09 | 470.80 |
| (Balance with bank includes Unpaid Dividend of Rs.3.34 Lacs Previous Year Rs.2.74 Lacs) | | |
| (b) Cash on Hand | 26.61 | 42.61 |
| Sub Total | 255.70 | 513.41 |
| (c) Other Bank Balances : | | |
| Fixed Deposit with Banks (held as margin money) | 698.85 | 187.30 |
| (Include deposit of Rs.132.60 lacs (PY 123.28 lacs with maturity of more than 12 months) | | |
| | 954.55 | 700.71 |
| NOTE - 18 : SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured and considered good) | | |
| Loans and Advances to Related Parties (See Note 34) | 1.36 | 10.04 |
| Loans and Advances to Employees | 45.04 | 29.98 |
| Advances Recoverable in cash or kind or for value to be received | 203.52 | 638.86 |
| Advance Income Tax (net of provision CY Rs.324.35 lacs PY Rs.219.49 lacs) | 76.39 | 147.57 |
| | 326.31 | 826.45 |
| (Debts due include an amount of Rs. 1.36 lacs (Previous Year Rs. 10.04 lacs) due by directors / officers of the company or due by firms / private companies in which any of the directors are interested as partners / directors / members respectively) | | |
| NOTE - 19 : OTHER CURRENT ASSETS | | |
| (Unsecured and considered good) | | |
| Conversion Charges Receivable | 57.41 | 141.71 |
| Other Receivable | 33.72 | 21.86 |
| | 91.13 | 163.57 |
| (Other receivables includes MODVAT Credit and Service Tax receivable on Capital goods) | | |

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 20 : REVENUE FROM OPERATIONS | | |
| A. Sale of products | | |
| Manufactured Products | | |
| Wheat & Wheat Products | 30,954.69 | 35,776.70 |
| Minerals and Others | 3,067.64 | 3,550.55 |
| | 34,022.33 | 39,327.25 |
| Less : Excise duty | - | - |
| | 34,022.33 | 39,327.25 |
| Traded Goods | | |
| Wheat & Minerals | 4,461.16 | 2,569.68 |
| B. OTHER OPERATING INCOME | | |
| Grinding Charges | 296.85 | 70.65 |
| Conversion Charges | 3,132.70 | 3,050.83 |
| Sale of scrap | 338.05 | 268.67 |
| Warehousing Charges | 176.70 | 168.30 |
| Weighbridge Income | 57.86 | 50.16 |
| Power Income | 544.21 | 572.25 |
| Lorry Income | 244.17 | 275.41 |
| | 43,274.03 | 46,353.20 |
| NOTE - 21 : OTHER INCOME | | |
| Interest Income | 60.02 | 34.87 |
| Dividend Income | 0.08 | 0.18 |
| Net Gain on Sale of Assets | 0.04 | - |
| Net Gain on Sale of Investments | 1.49 | - |
| Rent Receipts | 207.34 | 187.18 |
| Keymen insurance maturity receipts | 18.67 | - |
| Others - miscellaneous receipts | 3.79 | - |
| | 291.43 | 222.23 |
| NOTE - 22 : COST OF MATERIALS CONSUMED | | |
| Wheat | 25,492.83 | 30,622.66 |
| Minerals & Others | 1,936.37 | 2,238.65 |
| | 27,429.20 | 32,861.31 |
| NOTE - 23 : PURCHASES OF STOCK IN TRADE | | |
| Wheat | 4,504.23 | 2,416.62 |
| Minerals & Others | 57.59 | 24.46 |
| | 4,561.82 | 2,441.08 |

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE | | |
| Finished Goods / Stock in Trade (at close) | | |
| Wheat Products | 363.21 | 490.93 |
| Minerals & Others | 83.94 | 47.47 |
| Total A (at close) | 447.15 | 538.40 |
| Finished Goods / Stock in Trade (at commencement) | | |
| Wheat Products | 490.93 | 275.12 |
| Minerals & Others | 47.47 | 101.87 |
| Total B (at commencement) | 538.40 | 376.99 |
| (Increase)/decrease A-B | 91.25 | (161.41) |

NOTE - 25 : EMPLOYEES BENEFITS EXPENSE

| | | |
|--|----------|----------|
| Salaries | 680.35 | 633.56 |
| Wages | 388.47 | 375.24 |
| Bonus & Exgratia | 116.60 | 113.85 |
| Gratuity | 28.94 | 22.70 |
| House Rent Allowance | 225.28 | 200.96 |
| Staff Training Fees | 17.00 | 23.34 |
| Contribution to Provident Fund and Other Funds | 193.28 | 161.67 |
| Leave Salary | 25.87 | 20.67 |
| Staff Welfare Expenses | 108.37 | 114.44 |
| Conveyance Allowances | 112.57 | 109.11 |
| Special Allowances | - | 32.61 |
| Entertainment Allowances | - | 4.69 |
| Washing Allowances | 112.64 | 77.75 |
| Directors' Remuneration | 150.35 | 129.00 |
| | 2,159.72 | 2,019.59 |

NOTE - 26 : FINANCE COSTS

| | | |
|----------------------------|----------|----------|
| Interest Expenses - Banks | 1,589.30 | 1,753.13 |
| Interest Expenses - Others | 233.29 | 241.89 |
| | 1,822.59 | 1,995.02 |

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 27 : OTHER EXPENSES | | |
| MANUFACTURING EXPENSES | | |
| Production Expenses | 506.61 | 494.94 |
| Power and Fuel | 1,596.68 | 1,539.18 |
| Repairs to Machinery | 550.57 | 509.26 |
| Laboratory Expenses | 22.17 | 25.40 |
| Total A | 2,676.03 | 2,568.78 |
| ESTABLISHMENT EXPENSES | | |
| Annual Maintenance Charges | 184.11 | 117.61 |
| Bank Charges and Commission | 73.10 | 73.34 |
| Bad Debts | 0.19 | - |
| Repairs to Buildings | 54.24 | 76.58 |
| Printing & Stationery | 22.02 | 27.65 |
| Subscription | 2.51 | 2.52 |
| Telephone | 27.40 | 26.47 |
| Professional Charges | 81.57 | 54.94 |
| Audit Fees | 3.44 | 3.37 |
| Directors' Sitting Fees | 2.20 | 1.20 |
| Security Charges | 71.26 | 67.26 |
| Legal Expenses | 0.70 | 2.02 |
| Donations | 9.58 | 17.31 |
| Travelling & Vehicle Maintenance | 519.51 | 520.03 |
| Insurance | 63.12 | 53.85 |
| Rates, Licence and Taxes | 52.00 | 50.08 |
| Pooja Expenses | 6.07 | 6.41 |
| Postage | 3.28 | 5.03 |
| Computer Maintenance | 9.17 | 13.11 |
| Rent & Electricity | 51.50 | 56.58 |
| CSR Expenses | 19.07 | - |
| Windmill Expenses | 16.34 | 18.18 |
| Loss on Sale of Assets | 0.22 | 8.55 |
| Others | 4.11 | 4.98 |
| Total B | 1,276.71 | 1,207.07 |
| SELLING & DISTRIBUTION EXPENSES | | |
| Advertisement | 133.20 | 83.47 |
| Brokerage and Commission | 24.94 | 21.53 |
| Discount & Claims and Settlement | 59.58 | 57.87 |
| Sales Promotion | 401.42 | 390.37 |
| Freight and Handling | 155.22 | 312.71 |
| Total C | 774.36 | 865.95 |
| Grand Total A+B+C | 4,727.10 | 4,641.80 |

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 28 : VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED | | |
| Raw Materials | | |
| Imported | 1009.39 (3.68%) | 368.83 (1.12%) |
| Indigenous | 26419.81 (96.32%) | 32492.48 (98.88%) |
| Stores and Spares | | |
| Imported | 107.86 (19.59%) | 71.34 (14.01%) |
| Indigenous | 442.71 (80.41%) | 437.92 (85.99%) |
| NOTE - 29 : CIF VALUE OF IMPORTS | | |
| Raw Materials | 947.83 | 449.79 |
| Components and Spares | 100.01 | 66.34 |
| Capital Goods | 101.59 | 72.45 |
| NOTE - 30 : EXPENDITURE IN FOREIGN CURRENCY | | |
| Interest | 105.14 | 180.80 |
| NOTE - 31 : EARNINGS IN FOREIGN EXCHANGE | | |
| | -- | -- |
| NOTE - 32 : REMUNERATION TO AUDITORS | | |
| As Auditors | 2.86 | 2.81 |
| Taxation matters | 0.58 | 0.56 |
| 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 31st March, 2016

NOTE - 34 : RELATED PARTY DISCLOSURES:

a) Names of the related parties and nature of Relationship

- i) Investing parties having substantial interest : Sri. K.S. Kamalakannan
- ii) Associate Companies : M/s. Annai Power Private Limited
- iii) Key Managerial Personnel : Sri. K.S. Kamalakannan, CMD
Smt. Mageswari Kannan, JMD
Sri. Sounder Kannan, WTD
Sri. R. Anand, CFO (Upto December 31, 2015)
Sri. V. Marikannan - Company Secretary
- iv) Relatives of Key Managerial Personnel : Sri. D. Vijay Anand
Smt. Lakshmi Vijay Anand
Smt. Monaa Kannan
Ms. M. Jayalalitha
Sri. M. Sukumar
- v) Enterprises over Key Managerial are able to excise significant influence : M/s. Rohini Enterprises
M/s. Nagalakshmi Charitable Trust
M/s. Naga Marine Industries Limited
M/s. M.M. Detergents Company Private Ltd.,
M/s. Naga Mills Limited
M/s. Nagalakshmi Energy Private Ltd.,

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

Transaction with Related Parties

(Rs. in lacs)

| Particulars | Associate Companies | Key Mgmt Personnel | Relatives of key Mgmt Personnel | Others | Total |
|--|----------------------|---------------------------|---------------------------------|---------------------------|---------------------------|
| Sales | --- | --- | --- | 3.97 | 3.97 |
| Purchases | --- | --- | --- | 926.12 <i>1,153.13</i> | 926.12 <i>1,153.13</i> |
| Wind Power Charges | 8.35 <i>12.34</i> | --- | --- | --- | 8.35 <i>12.34</i> |
| Processing Income | --- | --- | --- | 7.48 <i>14.23</i> | 7.48 <i>14.23</i> |
| Vehicle lease Rent | --- | 12.28 --- | --- | 14.57 <i>18.65</i> | 26.85 <i>18.65</i> |
| Purchase of Fixed Assets | --- | 20.24 <i>304.84</i> | --- | 29.77 --- | 50.01 <i>304.84</i> |
| Remuneration | --- | 172.85 <i>134.50</i> | 94.50 <i>91.67</i> | --- | 267.35 <i>226.17</i> |
| Rental Income | --- | --- | --- | 0.30 <i>0.13</i> | 0.30 <i>0.13</i> |
| Rent Paid | --- | 8.55 <i>14.28</i> | --- | 7.16 --- | 15.71 <i>14.28</i> |
| Interest Paid | --- | 232.67 <i>170.50</i> | --- | --- | 232.67 <i>170.50</i> |
| Dividend Paid (including Interim Dividend) | --- | 69.94 <i>69.94</i> | 2.86 <i>2.86</i> | 11.75 <i>11.75</i> | 84.55 <i>84.55</i> |
| Donation | --- | --- | --- | 9.32 <i>14.68</i> | 9.32 <i>14.68</i> |
| Unsecured Long Term Borrowings | --- | 1861.50 <i>1512.30</i> | --- | --- | 1861.50 <i>1512.30</i> |
| Short Term Loans and Advances | 0.07 --- | --- | --- | 1.29 <i>10.04</i> | 1.36 <i>10.04</i> |
| Creditors & other payables | --- | --- | --- | 566.66 <i>775.60</i> | 566.66 <i>777.31</i> |

Note : Figures in italics represent previous year's amounts

Disclosure in respect of transactions which are more than 10% of total transactions of the same type with related parties during the year. (Rs. in lacs)

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| Remuneration | | |
| Sri K.S. Kamalakannan | 65.12 | 54.00 |
| Smt. Mageswari Kannan | 44.12 | 39.00 |
| Sri. Sounder Kannan | 41.11 | 36.00 |
| Sri. D. Vijay Anand | 29.50 | 27.67 |
| Rental Income | | |
| Naga Mills Limited | 0.30 | 0.13 |
| Rent Paid | | |
| Sri K.S. Kamalakannan | 0.34 | 6.00 |
| Sri. Sounder Kannan | 8.21 | 8.28 |
| Naga Marine Industries Ltd., | 7.16 | --- |
| Dividend Paid | | |
| Sri K.S. Kamalakannan | 48.56 | 48.56 |
| Smt. Mageswari Kannan | 14.84 | 14.84 |
| Donation | | |
| Nagalakshmi Charitable Trust | 9.32 | 14.68 |
| Interest Paid | | |
| Sri K.S. Kamalakannan | 212.96 | 152.22 |
| Sales | | |
| Naga Mills Limited | Nil | 3.97 |
| Purchase | | |
| M.M. Detergents Company Pvt. Ltd., | 926.12 | 1153.13 |
| Wind Power Purchase | | |
| Annai Power Pvt. Ltd., | 8.35 | 12.34 |
| Purchase of Fixed Assets | | |
| Sri K.S. Kamalakannan | 20.24 | 304.84 |
| M.M. Detergents Company Pvt. Ltd., | 29.77 | --- |
| Plant & Machinery Rent & Maintenance Expenses | | |
| M.M. Detergents Company Pvt. Ltd., | 14.57 | --- |
| Sri K.S. Kamalakannan | 12.28 | --- |
| Processing Income | | |
| M.M. Detergents Company Pvt. Ltd., | 7.48 | 14.23 |
| Significant outstanding balances in unsecured loan accounts | | |
| Sri K.S. Kamalakannan | 1651.00 | 1401.50 |
| Significant outstanding balances in trade receivables | | |
| M.M. Detergents Company Pvt. Ltd., | 1.29 | 10.04 |
| Significant outstanding balances in trade payables | | |
| M.M. Detergents Company Pvt. Ltd., | 566.66 | 775.60 |

Notes on Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 35 : EARNING PER SHARE: | | |
| i) Net Profit after tax as per statement of Profit and Loss (Rs in lacs) | 511.59 | 762.22 |
| ii) Weighted Average number of Equity Shares outstanding | 1,42,48,000 | 1,42,48,000 |
| iii) Basic & Diluted Earning Per Share (in Rs.) | 3.59 | 5.35 |
| 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 | | |
| | -- | -- |
| Disputed Electricity Tax | 19.83 | 19.83 |
| 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. | | |
| 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. | | |
| b) Guarantees to banks | | |
| Bank Guarantee Limit | 2,500.00 | 1,500.00 |
| Bank Guarantee Utilised | 1,426.60 | 1,419.52 |
| ii) Commitments | | |
| a) Estimated amount of contract remaining to the executed on Capital Account (net of advances) and not provided for | | |
| | -- | -- |

NAGA LIMITED

Notes on Financial Statements for the year ended 31st March, 2016

37. Details for CSR Expenses

| | | |
|---|-------|-------|
| Gross amount to be spent by the company during the year | 28.10 | 26.91 |
| On purposes other than construction/acquisition of assets | | |
| Paid in cash | 19.07 | - |
| Yet to be paid in cash | 9.03 | 26.91 |
| Total | 28.10 | 26.91 |

38. Segment Reporting

The company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of paragraph 4 of the Accounting Standard 17 (AS-17) 'Segment Reporting', no disclosure related to segments are presented in the standalone financial statements.



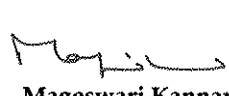
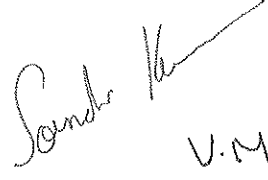

39. Previous Year Figures

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 and on behalf of the Board

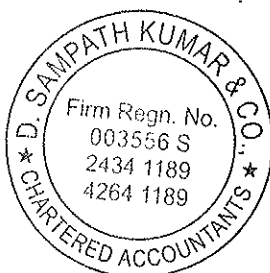
For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 003556S)

    
M.K. Ravindran K S Kamalakannan Mageswari Kannan Sounder kannan V Marikannan

Partner Chairman & Managing Director Joint Managing Director Whole-Time Director Company Secretary

M.No. 020887 DIN: 01601589 DIN: 02107556 DIN: 01603823 M.No: A30767

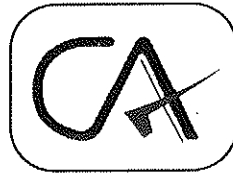
Chennai, 19th May, 2016



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

Firm Regn. No. 003556 S



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Chennai - 600 017.
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E-mail : sdandco@hotmail.com

Independent Auditors' Report on Consolidated Financial Statements

To the members of Naga Limited

Report on the Consolidated Financial Statements

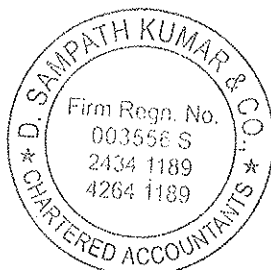
We have audited the accompanying consolidated financial statements of Naga Limited, ("the Holding Company"), and Annai Power Private Limited ("the Associate Company") (a deemed subsidiary under Explanation to Section 129(3) read with section 2(6) of the Companies Act, 2013) (the Holding Company and its associate company together referred to as "the Group") comprising the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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 ("the Rules"). The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purposes of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

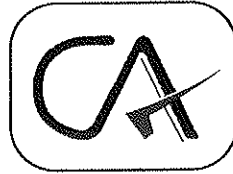
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.



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We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

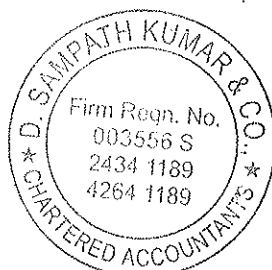
We believe that the audit evidence we have obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of the associate company whose financial statement reflect total assets of Rs.24.17 Lacs as at March 31, 2016 and total revenue of Rs.8.84 Lacs for the year ended on that date. The Management has furnished the report of the auditor of the associate company and in our opinion insofar as it relates to the amounts and disclosures included in respect of the associate is based solely on the report of the other auditor. Investment in the associate company has been accounted under the equity method as per the Accounting Standard (AS) -23 "Accounting for Investments in Associates in Consolidated Financial Statements".





Report on other Legal and Regulatory Requirements

1. As required by sub-section (3) of Section 143 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law maintained by the Holding Company and its associate company including relevant records relating to the preparation of the consolidated financial statement have been kept so far as it appears from our examination of those books and records of the Holding Company and the report of the other auditor.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its associate company including relevant records relating to the preparation of the consolidated financial statements.

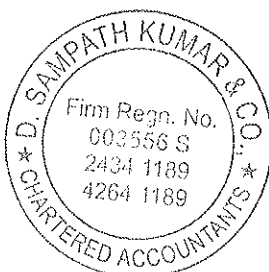
d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its associate company, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

f) With respect to adequacy of internal financial controls over financial reporting of the Holding Company and its associate company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

g) With respect to the other matters to be included in the Independent 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 :

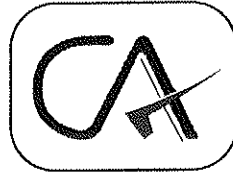
- i. The Consolidated financial statements disclose the impact of pending litigations as at March 31, 2016 on the consolidated financial position of the Group..
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2016.



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

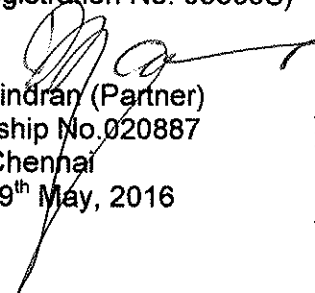
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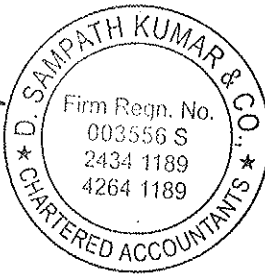


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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate company during the year ended March 31, 2016.

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 03556S)


M K Ravindran (Partner)
Membership No. 020887
Place : Chennai
Date : 19th May, 2016



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

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Annexure A to Independent Auditors' Report of even date on the Consolidated financial statements of Naga Limited

(Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **Naga Limited**, ('the Holding Company') and its associate company as of that date.

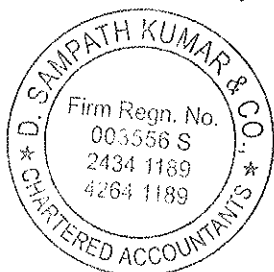
Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its associate company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('the 'Guidance Note') These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and deduction of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibilities

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the holding company and its associate company, based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and Guidance Note required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

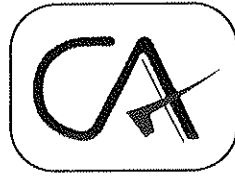
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over the financial reporting, included obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



D. SAMPATHKUMAR & CO.,

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We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the associate company, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting.

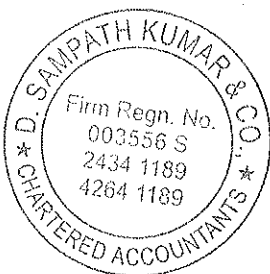
A Company's internal financial control over financial reporting is a process design to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with the authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its associate company have, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.



D. SAMPATHKUMAR & CO.,

CHARTERED ACCOUNTANTS

Firm Regn. No. 003556 S

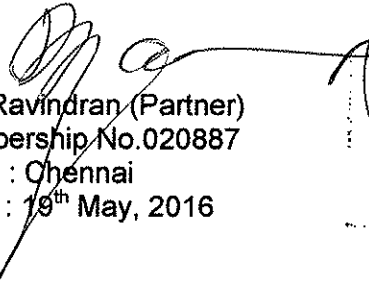


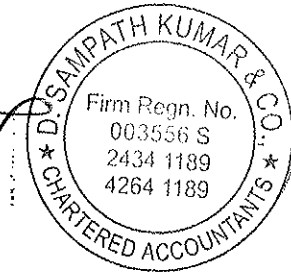
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Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the holding company and its associate company is based on the corresponding reports of the auditors of such companies. Our opinion is not qualified in respect of this matter.

For D Sampathkumar & Co.,
Chartered Accountants
(Firm Registration No. 03556S)


M K Ravindran (Partner)
Membership No. 020887
Place : Chennai
Date : 18th May, 2016



NAGA LIMITED

Consolidated Balance Sheet as at 31st March, 2016

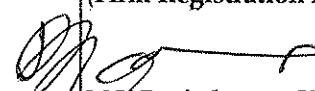
(Rupees in Lacs)

| PARTICULARS | Note No | As at Mar 31, 2016 | As at Mar 31, 2015 |
|--|---------|-----------------------|-----------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share capital | 2 | 1424.80 | 1424.80 |
| (b) Reserves and surplus | 3 | 5752.01 | 5377.21 |
| (2) Share application money pending allotment | | - | - |
| (3) Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 7951.93 | 8055.35 |
| (b) Deferred tax liabilities (Net) | 5 | 691.53 | 641.53 |
| (c) Other long term liabilities | 6 | 105.47 | 97.98 |
| (4) Current liabilities | | | |
| (a) Short-term borrowings | 7 | 5259.64 | 4262.29 |
| (b) Trade payables | 8 | 1048.98 | 1382.63 |
| (c) Other current liabilities | 9 | 2470.35 | 2621.68 |
| (d) Short-term provisions | 10 | 38.30 | 140.83 |
| TOTAL | | 24743.01 | 24004.30 |
| II. ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 11 | 13975.82 | 14539.58 |
| (ii) Intangibles | 11 | - | 12.09 |
| (iii) Capital work-in-progress | 11 | 627.46 | 387.63 |
| (b) Non-current investments | 12 | 65.63 | 66.75 |
| (c) Long-term loans and advances | 13 | 645.29 | 375.95 |
| (d) Other non-current assets | 14 | 0.21 | 0.21 |
| (2) Current Assets | | | |
| (a) Inventories | 15 | 5341.96 | 4581.89 |
| (b) Trade receivables | 16 | 2714.65 | 2349.47 |
| (c) Cash and cash equivalents | 17 | 954.55 | 700.71 |
| (d) Short-term loans and advances | 18 | 326.31 | 826.45 |
| (e) Other current assets | 19 | 91.13 | 163.57 |
| TOTAL | | 24743.01 | 24004.30 |

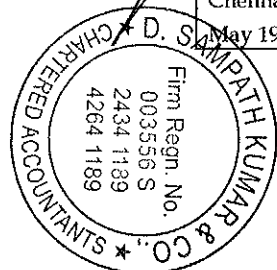
Significant Accounting Policies & Notes on Financial Statements 1 to 41

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

For and behalf of the Board

| | | | | |
|---|---|--|---|---|
|  |  |  |  |  |
| M.K.Ravindran | K S Kamalakannan | Mageswari Kannan | Sounder kannan | V Marikannan |
| Partner | Chairman & Managing Director | Joint Managing Director | Whole-Time Director | Company Secretary |
| M.No. 020887 | DIN: 01601589 | DIN: 02107556 | DIN:01603823 | M.No : A30767 |
| Chennai | | | | |

May 19, 2016



NAGA LIMITED

Statement of Consolidated Profit and Loss for the year ended 31st March 2016
(Rupees in Lacs)

| PARTICULARS | Note No. | 2015-16 | 2014-15 |
|--|----------|-----------------|-----------------|
| INCOME | | | |
| I. Revenue from operations | 20 | 43274.03 | 46353.20 |
| II. Other income | 21 | 291.84 | 222.85 |
| III. Total Revenue (I + II) | | 43565.87 | 46576.05 |
| EXPENSES | | | |
| IV. Purchases of stock-in-trade | | | |
| Cost of materials consumed | 22 | 27429.20 | 32861.31 |
| Purchases of stock-in-trade | 23 | 4561.82 | 2441.08 |
| Changes in inventories of finished goods, work-in-progress and stock-in-Trade | 24 | 91.25 | -161.41 |
| Employee benefits expense | 25 | 2159.72 | 2019.59 |
| Finance costs | 26 | 1822.59 | 1995.02 |
| Depreciation and amortization expense | 11 | 1887.84 | 1746.33 |
| Other expenses | 27 | 4727.10 | 4641.80 |
| Total Expenses | | 42679.52 | 45543.72 |
| V Profit Before Tax | | 886.35 | 1032.33 |
| VI Tax Expenses: | | | |
| (1) Current Tax | | 324.35 | 219.49 |
| (2) Deferred Tax | | 50.00 | 50.00 |
| VII Profit for the Year | | 512.00 | 762.84 |
| VIII Earnings per equity share of face value of Rs.10 each | | | |
| Basic & Diluted (Rs.) | | 3.59 | 5.35 |

Significant Accounting Policies & Notes on Financial Statements 1 to 41

As per our report of even date For and behalf of the Board

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



M.K. Ravindran

Partner

M.No. 020887

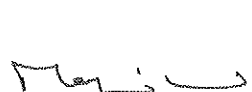
Chennai

May 19, 2016


K S Kamalakannan

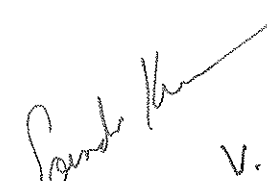
Chairman & Managing Director

DIN: 01601589


Mageswari Kannan

Joint Managing Director

DIN: 02107556


Sounder kannan

Whole-Time Director

DIN:01603823


V. Marikannan

Company Secretary

M.No : A30767

NAGA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

| Particulars | Rs. In Lacs | |
|--|------------------|------------------|
| | 2015-16 | 2014-15 |
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 886.35 | 1032.33 |
| Adjustment for: | | |
| Depreciation & Amortization of Expenses | 1,887.84 | 1,746.33 |
| Bad Debts w/off | 0.19 | - |
| Interest Income | (60.02) | (34.87) |
| Dividend Income | (0.08) | (0.18) |
| Interest Expenses | 1,822.59 | 1,995.02 |
| Share in profit of associate company | (0.41) | (0.62) |
| (Profit)/Loss on Sale of Investments | (1.49) | - |
| (Profit)/Loss on Sale of Assets (Net) | 0.18 | 8.55 |
| | 3,648.80 | 3714.23 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 4,535.15 | 4746.56 |
| Adjustment for: | | |
| Income Tax | (254.04) | (304.66) |
| Trade and Other receivables | 136.22 | 59.12 |
| Inventories | (760.07) | 1,711.42 |
| Trade Payables & Other Payables | (344.10) | 239.59 |
| | (1,221.99) | 1705.47 |
| Net Cash from Operating Activities | 3,313.16 | 6452.03 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments made for fixed assets | (1,552.39) | (1,675.61) |
| Changes in non-current assets | (269.34) | (50.74) |
| Proceeds from sale of Long Term Investments | 3.75 | 0.10 |
| Payments made for Long Term Investments | (0.73) | - |
| Dividend Income | 0.08 | 0.18 |
| Proceeds from Sale/Deletion of Fixed Assets | 0.38 | 4.25 |
| | (1,818.25) | (1721.82) |
| Net Cash from Investing Activities | 1,494.91 | 4730.21 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Income | 60.02 | 34.87 |
| Interest Expenses | (1,822.59) | (1,995.02) |
| Proceeds Net of Repaymetn of Borrowings | 761.57 | (2,442.96) |
| Dividend Paid (Including dividend distribution tax) | (240.07) | (100.02) |
| Net Cash from Financing Activities | (1241.07) | (4503.13) |
| (D) NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| | 253.84 | 227.08 |
| Cash and Cash equivalents at the beginning of the period | 700.71 | 473.63 |
| Cash and Cash equivalents at the end of the period | 954.55 | 700.71 |
| | 253.84 | 227.08 |

Significant Accounting Policies & Notes on Financial Statements 1 to 41

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

Chennai

May 19, 2016

K S Kamalakannan

Chairman & Managing Director

DIN: 01601589

Mageswari Kannan

Joint Managing Director

DIN: 02107556

Sounder kannan

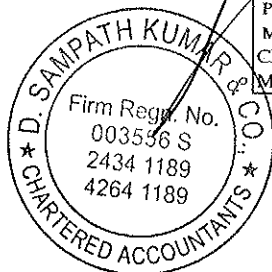
Whole-Time Director

DIN:01603823

V Marikannan

Company Secretary

M.No : A30767



Notes on Consolidated Financial Statements for the year ended 31st March, 2016

NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES:

Corporate Information

Naga Limited is a Public Limited Company incorporated in 1991 as “Naga Oil Mills Company Limited” under Companies Act 1956 with Registration No. 18-20409. In April 1998, the Company changed its name to Naga Limited.

Its Shares are listed on Metropolitan Stock Exchange Limited (MSEI), Mumbai. The Registered Office of the Company is situated at Chennai and its corporate office at Dindigul, Tamil Nadu.

The Company is engaged in manufacturing of Wheat Products, Minerals, Detergents and in Power Generation.

a. Basis of Preparation of Financial Statements

These consolidated financial statements have been prepared to comply with Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013

b. Principles of Consolidation

The consolidated financial statements relate to Naga Limited ("the Company") and its associate company Annai Power Private Limited ("the associate company"), a deemed subsidiary under Explanation to Section 129(3) read with section 2(6) of the Companies Act 2013. The consolidated financial statement has been prepared on the following basis:

a. Investment in associate company has been accounted under the equity method as per Accounting Standard (AS) 23- "Accounting for Investments in Associates in Consolidated Financial Statements"

b. The company accounts for its share of post acquisition changes in net assets of associate, after eliminating unrealised profits and losses resulting from transaction between the Company and its associate company to the extent of its share, through its Consolidated Profit and Loss Statement, to the extent such change is attributable to the associate's Statement of Profit and Loss and through its reserves for the balance based on available information.

c. The difference between the cost of investment in the associate company and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statement as Goodwill or Capital Reserve as the case may be.

d. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

3. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in lacs)

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

NOTE - 2 : SHARE CAPITAL

AUTHORISED SHARE CAPITAL :

| | | |
|--|----------|----------|
| 2,75,00,000 (PY 2,75,00,000) Equity Shares of Rs 10/- each | 2,750.00 | 2,750.00 |
|--|----------|----------|

ISSUED, SUBSCRIBED & FULLY PAID UP:

| | | |
|---|----------|----------|
| 1,42,48,000 (PY 1,42,48,000) Equity Shares of Rs10/- each | 1,424.80 | 1,424.80 |
|---|----------|----------|

(Of the above shares 98,01,000 Equity Shares were allotted pursuant to scheme of amalgamation for consideration other than cash)

Reconciliation of the number of shares :

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|------------------|------------------|
| 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 |

Rights attached to Equity Shares :

The Company has issued only one class of equity shares having par value of Rs.10 per share. Each holder of the equity shares is entitled to one vote per share and ranks pari passu. The Equity Shareholders are entitled to receive dividends as and when declared. In the event of liquidation, the equity shareholders are entitled to receive the realised value of assets of the Company remaining after payment of all preferential dues in proportion to their shareholdings.

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|-------------|---------------------------------------|---------------------------------------|
|-------------|---------------------------------------|---------------------------------------|

Details of shareholders holding more than 5% shares:

| NAME OF SHAREHOLDERS | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|--|------------------------------------|--------------|------------------------------------|--------------|
| | 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., | 1172975 | 8.23 | 1171090 | 8.22 |
| M/s. M.M.Detergents Company (P) Ltd., | 1024000 | 7.18 | 1024000 | 7.18 |
| Sri. Sounderkannan | 817855 | 5.74 | 817855 | 5.74 |

Shares issued in preceeding five years:

The Company had issued and allotted during the year 2011-12, 10,47,000 Equity Shares of Rs. 10 each at premium of Rs. 13 Per Share Preferential basis aggregating to equity share capital of Rs. 1,04,70,000 and share premium of Rs. 1,36,11,000.

NOTE - 3 : RESERVES & SURPLUS

(Rs. in Lacs)

CAPITAL RESERVE

| | | | |
|---------------------------|-----------|-------|-------|
| As per Last Balance Sheet | Total - A | 10.82 | 10.82 |
|---------------------------|-----------|-------|-------|

SECURITIES PREMIUM RESERVE

| | | | |
|---------------------------|--|--------|--------|
| As per Last Balance Sheet | | 136.11 | 136.11 |
|---------------------------|--|--------|--------|

| | | |
|-----------|--------|--------|
| Total - B | 136.11 | 136.11 |
|-----------|--------|--------|

GENERAL RESERVE

| | | | |
|---------------------------|--|--------|--------|
| As per Last Balance Sheet | | 208.18 | 187.18 |
|---------------------------|--|--------|--------|

| | | | |
|---|--|-------|-------|
| Add : Transferred from Profit & Loss Account | | 21.00 | 21.00 |
|---|--|-------|-------|

| | | |
|-----------|--------|--------|
| Total - C | 229.18 | 208.18 |
|-----------|--------|--------|

PROFIT & LOSS ACCOUNT

| | | | |
|---------------------------|--|----------|----------|
| As per Last Balance Sheet | | 5,022.10 | 4,428.58 |
|---------------------------|--|----------|----------|

| | | | |
|---------------------------|--|--------|--------|
| Add : Profit for the Year | | 512.00 | 762.84 |
|---------------------------|--|--------|--------|

| | | |
|--|----------|----------|
| | 5,534.10 | 5,191.42 |
|--|----------|----------|

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|---|---------------------------------------|---------------------------------------|
| Less : Appropriations | | |
| Adjustment to Fixed Assets | - | 10.49 |
| Transferred to General Reserve | 21.00 | 21.00 |
| Dividend and Distribution Tax : | | |
| Interim Dividend on Equity Shares (per share Rs. 0.60) | 85.48 | - |
| Proposed Dividend on Equity Shares [Per share Rs. 0.20 (PY Rs.0.80 per share)] | 28.50 | 113.98 |
| Tax on Equity Dividend | 23.22 | 23.85 |
| Total - D | <u>5,375.90</u> | <u>5,022.10</u> |
| Total - A+B+C+D | <u><u>5,752.01</u></u> | <u><u>5,377.21</u></u> |

NOTE - 4 : LONG TERM BORROWINGS

SECURED

| | | |
|---|-----------------|-----------------|
| Term Loans from Banks | 5,104.53 | 6,543.05 |
| Term Loans from Financial Institutions and Others | 14.90 | - |
| Total - A | <u>5,119.43</u> | <u>6,543.05</u> |

UNSECURED

| | | |
|---|------------------------|------------------------|
| Term Loans from Banks | 971.00 | - |
| Term Loans from Financial Institutions and Others | - | - |
| Loans and Advances from Related Parties (See Note 34) | 1,861.50 | 1,512.30 |
| Total - B | <u>2,832.50</u> | <u>1,512.30</u> |
| Total - A+B | <u><u>7,951.93</u></u> | <u><u>8,055.35</u></u> |

Security & Other terms of loans

Term loan from The Axis Bank amounting to Rs. 3367.07 lacs outstanding as at 31.03.2016 (previous year Rs. 3866.77 lacs) is primarily secured on hypothecation of the assets purchased under the loan and collaterally secured by equitable mortgage on land and buildings located at Food Division, Minerals and Detergents Division located at Dindigul District.

Term loan from The Standard Chartered Bank amounting to Rs. 602.94 lacs outstanding as at 31.03.2016 (previous year Rs. 1206.01 lacs) is primarily secured on hypothecation of the assets purchased under the loan and collaterally secured by equitable mortgage on land measuring 4.01 acres at Vedasandur. External commercial borrowings is fully hedged.

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|-------------|---------------------------------------|---------------------------------------|
|-------------|---------------------------------------|---------------------------------------|

Term loan from The ICICI Bank Limited amounting to Rs. 34.26 lacs outstanding as at 31.03.2016 (previous year Rs. 46.65 lacs) is primarily secured by hypothecation of the assets purchased under vehicle loan.

Term loan from The HDFC Bank Limited amounting to Rs. 1071.86 lacs outstanding as at 31.03.2016 (Previous year Rs. 1870.40 lacs) is primarily secured on the personal assets of some of the Directors.

Term loan from The Tata Capital Financial Service Limited amounting to Rs. Nil outstanding as at 31.03.2016 (Previous year Rs. 2.59 lacs).

Term loan from The Karur Vysya Bank limited amounting to Rs. 975 lacs outstanding as at 31.03.2016 (Previous year Rs. 1275 lacs) is primarily secured by equitable mortgage on Agri Godown located at Dindigul.

Term loan from The Canara Bank amounting to Rs. 320.97 lacs outstanding as at 31.03.2016 (Previous year Rs. 426.02 lacs) is primarily secured by hypothecation on the assets purchased under the loan and collaterally secured on the personal assets of some of the Directors.

Term loan from The State Bank of India amounting to Rs. 1711.53 lacs outstanding as at 31.03.2016 (Previous year Rs. Nil) is primarily secured on equitable mortgage of the assets of the Company located at Trichy.

Term loan from Daimler Benz amounting to Rs. 24.82 lacs outstanding as at 31.03.2016 (Previous year Rs. Nil) is primarily secured by hypothecation on the assets purchased under vehicle loan.

Note :

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

NOTE - 5 : DEFERRED TAX LIABILITIES (NET)

| | | |
|---|---------------|---------------|
| Opening Balance | 641.53 | 596.93 |
| Related to Fixed Assets and other timing difference | 50.00 | 44.60 |
| | <u>691.53</u> | <u>641.53</u> |

NOTE - 6 : OTHER LONG TERM LIABILITIES

| | | |
|------------------------------------|---------------|--------------|
| Payable in respect of fixed assets | 7.00 | 7.00 |
| Rental and lease advances | 98.47 | 90.98 |
| | <u>105.47</u> | <u>97.98</u> |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 7 : SHORT TERM BORROWINGS | | |
| Loans repayable on demand | | |
| Secured | | |
| From Banks (Secured by pari passu charge on inventories & Trade Receivables) | 4,759.64 | 3,762.29 |
| Un Secured | | |
| From Banks (Secured on personal guarantee of some of the Directors of the Company) | 500.00 | 500.00 |
| | <u>5,259.64</u> | <u>4,262.29</u> |

NOTE - 8 : TRADE PAYABLES

| | | |
|----------------|-----------------|-----------------|
| Trade Payables | 1,048.98 | 1,382.63 |
| | <u>1,048.98</u> | <u>1,382.63</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 | 2,018.02 | 2,150.38 |
| Advances Received for Supply of Goods | 66.58 | 107.32 |
| Balances in Current Account with Banks | 82.43 | 59.91 |
| Expenses Payable | 303.32 | 304.07 |
| | <u>2,470.35</u> | <u>2,621.68</u> |

NOTE - 10 : SHORT TERM PROVISIONS

| | | |
|---|--------------|---------------|
| Provision for Superannuation / Gratuity / Leave Encashment | 4.00 | 3.00 |
| Proposed Equity Dividend (See Note 3) | 28.50 | 113.98 |
| Tax on Proposed Equity Dividend (See Note 3) | 5.80 | 23.85 |
| | <u>38.30</u> | <u>140.83</u> |

| NOTE - 11 : FIXED ASSETS | | | | | | | | | | | | (Rs. in Lacs.) | |
|----------------------------------|---------------------|-----------|----------------------------------|-----------------------------|---------------------|-----------|----------------------------------|---------------------|---------------------|--|--|----------------|--|
| Description | Gross Value | | | Depreciation / Amortisation | | | | Net Block | | | | | |
| | As at 01.04.2015 | Additions | Deductions / Adjust- ments | As at 31.03.2016 | As at 01.04.2015 | Additions | Deductions / Adjust- ments | As at 31.03.2016 | As at 31.03.2015 | | | | |
| 1 Tangible Assets | | | | | | | | | | | | | |
| a Land (Refer Note : C.bv) | 859.05 | 105.06 | 38.26 | 925.85 | - | - | - | 925.85 | 859.05 | | | | |
| b Buildings | 3,303.31 | 415.69 | - | 3,719.00 | 1,231.37 | 147.43 | - | 2,340.20 | 2,071.94 | | | | |
| c Plant & Equipment | 12,988.94 | 600.50 | - | 13,589.44 | 5,794.50 | 1,219.56 | - | 6,575.38 | 7,194.44 | | | | |
| d Electrical Installation | 1,488.66 | 4.14 | - | 1,492.80 | 632.07 | 160.86 | - | 699.87 | 856.59 | | | | |
| e Furniture & Fixtures | 49.82 | 0.34 | - | 50.16 | 33.62 | 2.03 | - | 14.51 | 16.20 | | | | |
| f Vehicles | 843.85 | 60.92 | 8.80 | 895.97 | 467.24 | 82.55 | 8.36 | 354.54 | 376.61 | | | | |
| g Computers and Other Equipments | 589.74 | 164.17 | 2.47 | 751.44 | 410.74 | 87.18 | 2.34 | 255.86 | 179.00 | | | | |
| h Windmill / Solar | 4,647.56 | - | - | 4,647.56 | 1,661.81 | 176.16 | - | 2,809.61 | 2,985.75 | | | | |
| Total (A) | 24,770.93 | 1,350.82 | 49.53 | 26,072.22 | 10,231.35 | 1,875.75 | 10.70 | 13,975.82 | 14,539.58 | | | | |
| 2 Intangible Assets | | | | | | | | | | | | | |
| Goodwill (B) | 110.33 | - | - | 110.33 | 98.24 | 12.09 | - | - | 12.09 | | | | |
| Total A+B | 24,881.26 | 1,350.82 | 49.53 | 26,182.55 | 10,329.59 | 1,887.84 | 10.70 | 13,975.82 | 14,551.67 | | | | |
| Previous years | 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 | | | | |
| Capital Work in progress | | | | | | | | 627.46 | 387.63 | | | | |

Note : a. The company has applied the estimated useful lives as specified in Schedule II

b. Capital work in progress include the cost of fixed assets that are not yet ready for their intended use at the reporting date.

c. Addition and deletion two land include exchange of land between the Company and third party to the tune of Rs. 38.26 lacs.

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|---|---------------------------------------|---------------------------------------|
| NOTE - 12 : NON CURRENT INVESTMENTS | | |
| (Long Term Investments) | | |
| (Valued at Cost less other than temporary diminution in value, if any) | | |
| TRADE INVESTMENTS | | |
| In Equity Shares - Unquoted, fully paid up | | |
| Kerala Solvent Extract Ltd., (500 shares of Rs.10 each) | 0.05 | 0.05 |
| TCP Limited (470 shares of Rs.100 each) | 0.47 | - |
| Investments in Associate Companies :- | | |
| Annai Power Pvt. Ltd., (10,400 shares of Rs.100 each) | 13.41 | 13.00 |
| Total A | 13.93 | 13.05 |
| OTHER INVESTMENTS (QUOTED) - fully paid up | | |
| Indian Overseas Bank (480 shares of Rs.10 each) | 0.05 | 0.05 |
| Vijaya Bank (1500 shares of Rs.10 each) | 0.15 | 0.15 |
| Reliance Equity Advantage Fund (515000 units of Rs.10 each) | 51.50 | 53.50 |
| Total B | 51.70 | 53.70 |
| Total A+B | 65.63 | 66.75 |
| <hr/> | | |
| Aggregate amount of Quoted investments | | |
| - Cost | 51.70 | 53.70 |
| - Market Value | 52.12 | 53.83 |
| Aggregate amount of Unquoted investments | 13.93 | 13.05 |
| Aggregate provision for diminution other than temporary in value of investments | - | - |
| <hr/> | | |
| NOTE - 13 : LONG TERM LOANS AND ADVANCES | | |
| (Unsecured and considered good) | | |
| Capital Advances | 289.34 | 97.97 |
| Security Deposits | 276.60 | 216.70 |
| Rental Advances and statutory deposits | 79.35 | 61.28 |
| | 645.29 | 375.95 |
| (Advances given to the companies in which directors are interested Rs. Nil (P Y Rs. Nil)) | | |
| <hr/> | | |
| NOTE - 14 : OTHER NON CURRENT ASSETS | | |
| Deferred Trade Receivables | 0.21 | 0.21 |
| | 0.21 | 0.21 |
| <hr/> | | |
| NOTE - 15 : INVENTORIES | | |
| (At lower of cost and realisable value) | | |
| Raw Materials | 4,275.55 | 3,629.30 |
| Finished Goods & Stock in Process | 447.15 | 538.40 |
| Stores and Spares | 400.35 | 291.74 |
| Packing Materials | 218.91 | 122.45 |
| | 5,341.96 | 4,581.89 |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 16 : TRADE RECEIVABLES | | |
| (Unsecured and considered good) | | |
| Over Six Months from the date they were due for payment | 132.95 | 148.69 |
| Less than six months | 2,581.70 | 2,200.78 |
| | <u>2,714.65</u> | <u>2,349.47</u> |
| (Due by Directors / Officers of the Company or due by private companies/firms in which directors are interested as directors / members / partners is Nil (PY Nil)) | | |
| NOTE - 17 : CASH AND CASH EQUIVALENTS | | |
| (a) Balances with Bank in current account | 229.09 | 470.80 |
| (Balance with bank includes Unpaid Dividend of Rs.3.34 Lacs (Previous Year Rs.2.74 Lacs)) | | |
| (b) Cash on Hand | 26.61 | 42.61 |
| Sub Total | <u>255.70</u> | <u>513.41</u> |
| (c) Other Bank Balances : | | |
| Fixed Deposit with Banks (held as margin money) | 698.85 | 187.30 |
| (Include deposit of Rs.132.60 lacs (PY 123.28 lacs with maturity of more than 12 months)) | | |
| | <u>954.55</u> | <u>700.71</u> |
| NOTE - 18 : SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured and considered good) | | |
| Loans and Advances to Related Parties (See Note 34) | 1.36 | 10.04 |
| Loans and Advances to Employees | 45.04 | 29.98 |
| Advances Recoverable in cash or kind or for value to be received | 203.52 | 638.86 |
| Advance Income Tax (net of provision CY Rs.324.35 lacs PY Rs.219.49 lacs) | 76.39 | 147.57 |
| | <u>326.31</u> | <u>826.45</u> |
| (Debts due include an amount of Rs. 1.36 lacs (Previous Year Rs. 10.04 lacs) due by directors / officers of the company or due by firms / private companies in which any of the directors are interested as partners / directors / members respectively) | | |
| NOTE - 19 : OTHER CURRENT ASSETS | | |
| (Unsecured and considered good) | | |
| Conversion Charges Receivable | 57.41 | 141.71 |
| Other Receivable | 33.72 | 21.86 |
| | <u>91.13</u> | <u>163.57</u> |
| (Other receivables includes MODVAT Credit and Service Tax receivable on Capital goods) | | |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 20 : REVENUE FROM OPERATIONS | | |
| A. Sale of products | | |
| Manufactured Products | | |
| Wheat & Wheat Products | 30,954.69 | 35,776.70 |
| Minerals and Others | 3,067.64 | 3,550.55 |
| | 34,022.33 | 39,327.25 |
| Less : Excise duty | - | - |
| | 34,022.33 | 39,327.25 |
| Traded Goods | | |
| Wheat & Minerals | 4,461.16 | 2,569.68 |
| B. OTHER OPERATING INCOME | | |
| Grinding Charges | 296.85 | 70.65 |
| Conversion Charges | 3,132.70 | 3,050.83 |
| Sale of scrap | 338.05 | 268.67 |
| Warehousing Charges | 176.70 | 168.30 |
| Weighbridge Income | 57.86 | 50.16 |
| Power Income | 544.21 | 572.25 |
| Lorry Income | 244.17 | 275.41 |
| | 43,274.03 | 46,353.20 |
| NOTE - 21 : OTHER INCOME | | |
| Interest Income | 60.02 | 34.87 |
| Dividend Income | 0.08 | 0.18 |
| Net Gain on Sale of Assets | 0.04 | - |
| Net Gain on Sale of Investments | 1.49 | - |
| Rent Receipts | 207.34 | 187.18 |
| Keymen insurance maturity receipts | 18.67 | - |
| Share of profit of associate | 0.41 | 0.62 |
| Others - miscellaneous receipts | 3.79 | - |
| | 291.84 | 222.85 |
| NOTE - 22 : COST OF MATERIALS CONSUMED | | |
| Wheat | 25,492.83 | 30,622.66 |
| Minerals & Others | 1,936.37 | 2,238.65 |
| | 27,429.20 | 32,861.31 |
| NOTE - 23 : PURCHASES OF STOCK IN TRADE | | |
| Wheat | 4,504.23 | 2,416.62 |
| Minerals & Others | 57.59 | 24.46 |
| | 4,561.82 | 2,441.08 |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

| PARTICULARS | (Rs. in Lacs) | |
|--|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2016 | As at 31 st March, 2015 |
| NOTE - 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE | | |
| Finished Goods / Stock in Trade (at close) | | |
| Wheat Products | 363.21 | 490.93 |
| Minerals & Others | 83.94 | 47.47 |
| Total A (at close) | 447.15 | 538.40 |
| Finished Goods / Stock in Trade (at commencement) | | |
| Wheat Products | 490.93 | 275.12 |
| Minerals & Others | 47.47 | 101.87 |
| Total B (at commencement) | 538.40 | 376.99 |
| (Increase)/decrease A - B | 91.25 | (161.41) |

NOTE - 25 : EMPLOYEES BENEFITS EXPENSE

| | | |
|--|----------|----------|
| Salaries | 680.35 | 633.56 |
| Wages | 388.47 | 375.24 |
| Bonus & Exgratia | 116.60 | 113.85 |
| Gratuity | 28.94 | 22.70 |
| House Rent Allowance | 225.28 | 200.96 |
| Staff Training Fees | 17.00 | 23.34 |
| Contribution to Provident Fund and Other Funds | 193.28 | 161.67 |
| Leave Salary | 25.87 | 20.67 |
| Staff Welfare Expenses | 108.37 | 114.44 |
| Conveyance Allowances | 112.57 | 109.11 |
| Special Allowances | - | 32.61 |
| Entertainment Allowances | - | 4.69 |
| Washing Allowances | 112.64 | 77.75 |
| Directors' Remuneration | 150.35 | 129.00 |
| | 2,159.72 | 2,019.59 |

NOTE - 26 : FINANCE COSTS

| | | |
|----------------------------|----------|----------|
| Interest Expenses - Banks | 1,589.30 | 1,753.13 |
| Interest Expenses - Others | 233.29 | 241.89 |
| | 1,822.59 | 1,995.02 |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 27 : OTHER EXPENSES | | |
| MANUFACTURING EXPENSES | | |
| Production Expenses | 506.61 | 494.94 |
| Power and Fuel | 1,596.68 | 1,539.18 |
| Repairs to Machinery | 550.57 | 509.26 |
| Laboratory Expenses | 22.17 | 25.40 |
| Total A | 2,676.03 | 2,568.78 |
| ESTABLISHMENT EXPENSES | | |
| Annual Maintenance Charges | 184.11 | 117.61 |
| Bank Charges and Commission | 73.10 | 73.34 |
| Bad Debts | 0.19 | - |
| Repairs to Buildings | 54.24 | 76.58 |
| Printing & Stationery | 22.02 | 27.65 |
| Subscription | 2.51 | 2.52 |
| Telephone | 27.40 | 26.47 |
| Professional Charges | 81.57 | 54.94 |
| Audit Fees | 3.44 | 3.37 |
| Directors' Sitting Fees | 2.20 | 1.20 |
| Security Charges | 71.26 | 67.26 |
| Legal Expenses | 0.70 | 2.02 |
| Donations | 9.58 | 17.31 |
| Travelling & Vehicle Maintenance | 519.51 | 520.03 |
| Insurance | 63.12 | 53.85 |
| Rates, Licence and Taxes | 52.00 | 50.08 |
| Pooja Expenses | 6.07 | 6.41 |
| Postage | 3.28 | 5.03 |
| Computer Maintenance | 9.17 | 13.11 |
| Rent & Electricity | 51.50 | 56.58 |
| CSR Expenses | 19.07 | - |
| Windmill Expenses | 16.34 | 18.18 |
| Loss on Sale of Assets | 0.22 | 8.55 |
| Others | 4.11 | 4.98 |
| Total B | 1,276.71 | 1,207.07 |
| SELLING & DISTRIBUTION EXPENSES | | |
| Advertisement | 133.20 | 83.47 |
| Brokerage and Commission | 24.94 | 21.53 |
| Discount & Claims and Settlement | 59.58 | 57.87 |
| Sales Promotion | 401.42 | 390.37 |
| Freight and Handling | 155.22 | 312.71 |
| Total C | 774.36 | 865.95 |
| Grand Total A+B+C | 4,727.10 | 4,641.80 |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 28 : VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED | | |
| Raw Materials | | |
| Imported | 1009.39 (3.68%) | 368.83 (1.12%) |
| Indigenous | 26419.81 (96.32%) | 32492.48 (98.88%) |
| Stores and Spares | | |
| Imported | 107.86 (19.59%) | 71.34 (14.01%) |
| Indigenous | 442.71 (80.41%) | 437.92 (85.99%) |
| NOTE - 29 : CIF VALUE OF IMPORTS | | |
| Raw Materials | 947.83 | 449.79 |
| Components and Spares | 100.01 | 66.34 |
| Capital Goods | 101.59 | 72.45 |
| NOTE - 30 : EXPENDITURE IN FOREIGN CURRENCY | | |
| Interest | 105.14 | 180.80 |
| NOTE - 31 : EARNINGS IN FOREIGN EXCHANGE | | |
| | -- | -- |
| NOTE - 32 : REMUNERATION TO AUDITORS | | |
| As Auditors | 2.86 | 2.81 |
| Taxation matters | 0.58 | 0.56 |

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 Consolidated Financial Statements for the year ended 31st March, 2016

NOTE - 34 : RELATED PARTY DISCLOSURES:

a) Names of the related parties and nature of Relationship

- i) Investing parties having substantial interest : Sri. K.S. Kamalakannan
- ii) Associate Companies : M/s. Annai Power Private Limited
- iii) Key Managerial Personnel : Sri. K.S. Kamalakannan, CMD
Smt. Mageswari Kannan, JMD
Sri. Sounder Kannan, WTD
Sri. R. Anand, CFO (Upto December 31,2015)
Sri. V. Marikannan, Company Secretary
- iv) Relatives of Key Managerial Personnel : Sri. D. Vijay Anand
Smt. Lakshmi Vijay Anand
Smt. Monaa Kannan
Ms. M. Jayalalitha
Sri. M. Sukumar
- v) Enterprises over Key Managerial are able to excise significant influence : M/s. Rohini Enterprises
M/s. Nagalakshmi Charitable Trust
M/s. Naga Marine Industries Limited
M/s. M.M. Detergents Company Private Ltd.,
M/s. Naga Mills Limited
M/s. Nagalakshmi Energy Private Ltd.,

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

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

Transaction with Related Parties

(Rs. in lacs)

| Particulars | Associate Companies | Key Mgmt Personnel | Relatives of key Mgmt Personnel | Others | Total |
|--|----------------------|---------------------------|---------------------------------|---------------------------|---------------------------|
| Sales | --- | --- | --- | 3.97 | 3.97 |
| Purchases | --- | --- | --- | 926.12 <i>1,153.13</i> | 926.12 <i>1,153.13</i> |
| Wind Power Charges | 8.35 <i>12.34</i> | --- | --- | --- | 8.35 <i>12.34</i> |
| Processing Income | --- | --- | --- | 7.48 <i>14.23</i> | 7.48 <i>14.23</i> |
| Vehicle lease Rent | --- | 12.28 --- | --- | 14.57 <i>18.65</i> | 26.85 <i>18.65</i> |
| Purchase of Fixed Assets | --- | 20.24 <i>304.84</i> | --- | 29.77 --- | 50.01 <i>304.84</i> |
| Remuneration | --- | 172.85 <i>134.50</i> | 94.50 <i>91.67</i> | --- | 267.35 <i>226.17</i> |
| Rental Income | --- | --- | --- | 0.30 <i>0.13</i> | 0.30 <i>0.13</i> |
| Rent Paid | --- | 8.55 <i>14.28</i> | --- | 7.16 --- | 15.71 <i>14.28</i> |
| Interest Paid | --- | 232.67 <i>170.50</i> | --- | --- | 232.67 <i>170.50</i> |
| Dividend Paid (including Interim Dividend) | --- | 69.94 <i>69.94</i> | 2.86 <i>2.86</i> | 11.75 <i>11.75</i> | 84.55 <i>84.55</i> |
| Donation | --- | --- | --- | 9.32 <i>14.68</i> | 9.32 <i>14.68</i> |
| Unsecured Long Term Borrowings | --- | 1861.50 <i>1512.30</i> | --- | --- | 1861.50 <i>1512.30</i> |
| Short Term Loans and Advances | 0.07 --- | --- | --- | 1.29 <i>10.04</i> | 1.36 <i>10.04</i> |
| Creditors & other payables | --- | --- | --- | 566.66 <i>775.60</i> | 566.66 <i>777.31</i> |

Note : Figures in italics represent previous year's amounts

Disclosure in respect of transactions which are more than 10% of total transactions of the same type with related parties during the year. (Rs. in lacs)

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| Remuneration | | |
| Sri K.S. Kamalakannan | 65.12 | 54.00 |
| Smt. Mageswari Kannan | 44.12 | 39.00 |
| Sri. Sounder Kannan | 41.11 | 36.00 |
| Sri. D. Vijay Anand | 29.50 | 27.67 |
| Rental Income | | |
| Naga Mills Limited | 0.30 | 0.13 |
| Rent Paid | | |
| Sri K.S. Kamalakannan | 0.34 | 6.00 |
| Sri. Sounder Kannan | 8.21 | 8.28 |
| Naga Marine Industries Limited | 7.16 | --- |
| Dividend Paid | | |
| Sri K.S. Kamalakannan | 48.56 | 48.56 |
| Smt. Mageswari Kannan | 14.84 | 14.84 |
| Donation | | |
| Nagalakshmi Charitable Trust | 9.32 | 14.68 |
| Interest Paid | | |
| Sri K.S. Kamalakannan | 212.96 | 152.22 |
| Sales | | |
| Naga Mills Limited | Nil | 3.97 |
| Purchase | | |
| M.M. Detergents Company Pvt. Ltd., | 926.12 | 1153.13 |
| Wind Power Purchase | | |
| Annai Power Pvt. Ltd., | 8.35 | 12.34 |
| Purchase of Fixed Assets | | |
| Sri K.S. Kamalakannan | 20.24 | 304.84 |
| M.M. Detergents Company Pvt. Ltd., | 29.77 | --- |
| Plant & Machinery Rent & Maintenance Expenses | | |
| M.M. Detergents Company Pvt. Ltd., | 14.57 | --- |
| Sri K.S. Kamalakannan | 12.28 | --- |
| Processing Income | | |
| M.M. Detergents Company Pvt. Ltd., | 7.48 | 14.23 |
| Significant outstanding balances in unsecured loan accounts | | |
| Sri K.S. Kamalakannan | 1651.00 | 1401.50 |
| Significant outstanding balances in trade receivables | | |
| M.M. Detergents Company Pvt. Ltd., | 1.29 | 10.04 |
| Significant outstanding balances in trade payables | | |
| M.M. Detergents Company Pvt. Ltd., | 566.66 | 775.60 |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(Rs. in Lacs)

| PARTICULARS | As at 31 st March, 2016 | As at 31 st March, 2015 |
|--|---------------------------------------|---------------------------------------|
| NOTE - 35 : EARNING PER SHARE | | |
| i) Net Profit after tax as per statement of Profit and Loss (Rs in lacs) | 512.00 | 762.84 |
| ii) Weighted Average number of Equity Shares outstanding | 1,42,48,000 | 1,42,48,000 |
| iii) Basic & Diluted Earning Per Share (in Rs.) | 3.59 | 5.35 |
| 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 | | |
| | -- | -- |
| Disputed Electricity Tax | 19.83 | 19.83 |
| 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. | | |
| 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. | | |
| b) Guarantees to banks | | |
| Bank Guarantee Limit | 2,500.00 | 1,500.00 |
| Bank Guarantee Utilised | 1,426.60 | 1,419.52 |
| ii) Commitments | | |
| a) Estimated amount of contract remaining to the executed on Capital Account (net of advances) and not provided for | | |
| | -- | -- |

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

NOTE - 37 : SEGMENT REPORTING

The Business segment has been identified on the basis of products of the Company 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 | 36,368.18 <i>39,037.28</i> | 6,604.52 <i>6,950.78</i> | 593.17 <i>587.99</i> | 43,565.87 <i>46,576.05</i> |
| Segment Result before Interest and Taxes | 1,435.94 <i>1,936.16</i> | 1,051.87 <i>910.47</i> | 221.13 <i>180.72</i> | 2,708.94 <i>3,027.35</i> |
| Less : Interest Expense | 1,328.22 <i>1,419.77</i> | 439.85 <i>514.39</i> | 54.52 <i>60.86</i> | 1,822.59 <i>1,995.02</i> |
| Profit before Tax | 107.72 <i>516.39</i> | 612.02 <i>396.08</i> | 166.61 <i>119.86</i> | 886.35 <i>1,032.33</i> |
| Current Tax | - | - | - | 324.35 <i>219.49</i> |
| Deferred Tax | - | - | - | 50.00 <i>50.00</i> |
| Profit after Tax | - | - | - | 512.00 <i>762.84</i> |
| Less : Dividend and Dividend Tax | - | - | - | 137.20 <i>137.83</i> |
| Retained Profit (after adjustment to fixed assets) | - | - | - | 374.80 <i>614.52</i> |
| Segment Capital Employed | 2,205.51 | 4,165.72 | 805.58 | 7,176.81 |
| Segment Assets-Segment Liabilities | 2,503.12 | 3,549.08 | 749.81 | 6,802.01 |

Note : Figures in Italics represent previous year's amounts

NAGA LIMITED

Notes on Financial Statements for the year ended 31st March, 2016

| | | (Rupees in Lacs) | |
|--|--|------------------|---------|
| | | 2015-16 | 2014-15 |
| 38. Details for CSR Expenses | | | |
| Gross amount to be spent by the company during the year | | 28.10 | 26.91 |
| | | 2015-16 | 2014-15 |
| On purposes other than construction/acquisition of assets | | | |
| Paid in cash | | 19.07 | - |
| Yet to be paid in cash | | 9.03 | 26.91 |
| Total | | 28.10 | 26.91 |
| | | 2015-16 | 2014-15 |
| 39. Goodwill/Capital Reserve arising on account of consolidate of associate company | | | |
| Investment in Equity Shares of Annai Power Private Ltd | | 8.89 | 8.07 |
| Goodwill (Identified) | | 4.52 | 4.93 |
| Total | | 13.41 | 13.00 |

40. Additional Information, as required under Schedule III to Companies Act 2013, of enterprises consolidated as Subsidiary/Associates/Joint Ventures

| | | |
|---------------------------|------------------------------------|-----------------------------|
| Name of the Entity | Net Assets | Share in profit/loss |
| | (Total Assets - Total Liabilities) | |

| Associates (Investments as per the equity method) | As % of consolidated net assets | Amount in Lacs | As % of consolidated profit/loss | Amount in Lacs |
|---|---------------------------------|----------------|----------------------------------|----------------|
| Annai Power Private Limited | 0.08% | 5.91 | 0.31% | 1.58 |

The Company does not have either subsidiaries or Joint ventures, hence information is furnished for associates

41. 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 and on behalf of the Board

For D Sampathkumar & Co.,

Chartered Accountants

(Firm Registration No. 003556S)

M.K. Ravindran
M.K. Ravindran

K.S. Kamalakannan
K.S. Kamalakannan

Mageswari Kannan
Mageswari Kannan

Sunder kannan
Sunder kannan

V. Marikannan
V. Marikannan

Partner

Chairman & Managing Director

Joint Managing Director

Whole-Time Director

Company Secretary

M.No. 020887

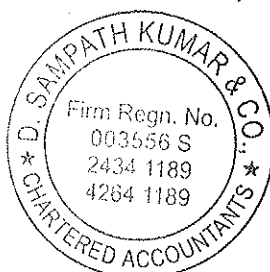
DIN: 01601589

DIN: 02107556

DIN: 01603823

M.No : A30767

Chennai, 19th May, 2016



ANNEXURE TO THE CONSOLIDATED FINANCIAL STATEMENT

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part “A”: Subsidiaries - There are no Subsidiaries in the Group

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies:

| | |
|--|----------------------------------|
| Name of associates | Annai Power Private Limited |
| Latest audited Balance Sheet Date | 31st March, 2016 |
| Shares of Associate held by the company on the year end: No. | 10400 Equity Shares Rs. 100 each |
| Amount of Investment in Associate / Joint Venture | Rs. 10,40,000/- |
| Extent of Holding % | 26% |
| Description of how there is significant influence | Equity holding |
| Reason why the associate is not consolidated | Not Applicable |
| Net worth attributable to shareholding as per latest audited Balance Sheet | Rs. 5.91 lacs |
| Profit Loss for the year: Considered in Consolidaton | Rs. 0.41 lacs |
| Not Considered in Consolidaton | Nil |

Part “C” Joint Venture - There are no Joint Ventures in the Group

ENTITIES FORMED / ACQUIRED AND CEASED DURING THE FINANCIAL YEAR 2015 - 16 :

| | |
|---------|---|
| Sr. No. | Name of the Associate Company |
| A | Formed / Acquired : Nagalakshmi Energy Private Limited |
| B | Ceased : Nagalakshmi Energy Private Limited |



**FORM NO. MGT 11
PROXY FORM**

(Pursuant to section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

NAGA LIMITED

(CIN L24246TN1991PLC020409)

Registered Office : No.1, Anna Pillai Street, Chennai - 600 001.

E-mail : marikannanv@nagamills.com, Website : www.nagamills.com

Phone / Fax : 044-25363535

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

I/We, being the member(s) 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 25th Annual General Meeting of the Company, to be held on Monday, 12th September 2016 at 05.00 P.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 2016. | Ordinary | | |
| 2. | To confirm the payment of intering dividend and to declare a final dividend on the equity shares for the financial year ended 31st March 2016. | Ordinary | | |
| 3. | To appoint a director in place of Sri. Sounder Kannan (DIN 01603823), who retires by rotation and being eligible, offers himself 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. | To approve revision of remuneration of Sri. K.S.Kamalakannan (DIN 01601589), Chairman & Managing Director of the Company. | Special | | |
| 6. | To approve revision of remuneration of Smt. Mageswari Kannan (DIN 02107556), Joint Managing Director of the Company. | Special | | |
| 7. | To approve revision of remuneration of Sri. Sounder Kannan (DIN 01603823), Whole-Time Director of the Company. | Special | | |
| 8. | To approve revision of remuneration of Sri. Vijay Anand, VP-Food Division, the relative of Executive Directors, occupying the position of office or place of profit. | Special | | |

| | | | | |
|-----|---|---------|--|--|
| 9. | To approve and ratify the remuneration paid to Sri, K.S.Kamalakannan (DIN 01601589), Chairman & Managing Director of the Company. | Special | | |
| 10. | To approve and ratify the remuneration paid to Smt. Mageswari Kannan (DIN 02107556), Joint Managing Director of the Company. | Special | | |

Signed this day of 2016

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

Affix Re.1
revenue
stamp

NOTE:

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting;
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 25th AGM;
- *3. It is optional to put a 'tick' in the appropriate column against the Resolution indicated in the Box, if you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate;
4. Please complete all details including details of member(s) in above box before submission;

Attendance Slip

NAGA LIMITED

(CIN L24246TN1991PLC020409)

Registered Office : No.1, Anna Pillai Street, Chennai - 600 001.

E-mail : marikannanv@nagamills.com, Website : www.nagamills.com

Phone/Fax : 044-25363535

25th Annual General Meeting - September 12, 2016

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 25th Annual General Meeting of the Company at the Presidency Club, No.51, Ethiraj Salai, Egmore, Chennai - 600 008 on Monday the 12th September, 2016 at 05.00 P.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.

For NAGA LIMITED


 Company Secretary